



BUDGET OF THULAMELA MUNICIPALITY 2018/2019-2020/2021 MEDIUM TERM REVENUE & EXPENDITURE FORECASTS



Thulamela Municipality Vision

We, the people of Thulamela would like our Municipality to Achieve a city status by 2030, to promote urban regeneration and comprehensive rural development whilst encouraging Local economic Development to improve the quality of lives of our People.

Thulamela Municipality Mission.

We build prosperity, eradicate poverty and promote social, political and economic empowerment of all our people through delivery of quality services, community participation, local economic development and smart administration.

TABLE OF CONTENTS

| No. | Description | Page no. |
|-----------|--|----------------------------|
| | Table of content | |
| | Abbreviations | 4 |
| 1 | PART 1- ANNUAL BUDGET | |
| 1.1 | The Mayor's report | 5-11 |
| 1.2 | Resolutions | 12-13 |
| 1.3 | Executive Summary | 14-21 |
| 1.4 | Annual Budget Tables | 21-36 |
| 2. | PART 2-SUPPORTING DOCUMENTATION | |
| 2.1 | Overview of annual budget process | 36-38 |
| 2.2 | Overview of alignment of annual budget with Integrated Development Plan | 38-41 |
| 2.3 | Measurable performance objectives and indicators | 41-45 |
| 2.4 | Overview of budget- related policies | 46 |
| 2.5 | Overview of budget assumptions | 46-47 |
| 2.6 | Overview of budget funding | 47 |
| 2.7 | Expenditure on allocations and grant programs | 48-49 |
| 2.8 | Allocation and grants made by municipality | 49 |
| 2.9 | Councilor allowances and employee benefits | 49 |
| 2.10 | Monthly targets for revenue, expenditure and cash flow | 50 |
| 2.11 | Annual budgets and services delivery and budget implementation plans – internal departments | 50 |
| 2.12 | Annual budget and Service Delivery Agreements-Municipal entities and other external mechanisms | 50 |
| 2.13 | Contracts having future budgetary implications | 50 |
| 2.14 | Capital Expenditure Details | 51 |
| 2.15 | Legislation compliance status | 51-52 |
| 2.18 | Municipal manager's quality certification | 53 |
| | ANNEXTURE A- BUDGET TABLES A1-A10 ANNEXTURE B- BUDGET SUPPORTING TABLES SA1-SA38 ANNEXTURE C- TARIFF LIST | 54-74 75-128 129-139 |

- ANNEXURE A – MTREF TABLE A1-A10
- ANNEXURE A – MTREF TABLE SA1-SA37
- ANNEXURE B – MUNICIPAL TARIFFS 2016/2017 FINANCIAL YEAR
- ANNEXURE C – MUNICIPAL BUDGET RELATED POLICIES
- ANNEXURE D – INTEGRATED DEVELOPMENTAL PLAN (IDP)
- ANNEXURE E - SERVICE DELIVERY IMPLEMENTATION PLAN
- ANNEXURE F - STRATEGIC RISK REGISTER
- ANNEXURE G - PROCUREMENT PLAN

ABBREVIATIONS

MFMA- Municipal Finance Management Act 56 of 2003

MBRR- Municipal Budget and Reporting Regulations

MTREF- Medium Term Revenue and Expenditure Framework

EPWP – Expanded Public Works Programme

FMG – Finance Management Grant

INEP – Integrated National Electricity Program

MIG –Municipal Infrastructure Grant

MSIG – Municipal Systems Improvement Grant

EEDG –Energy Efficiency and Demand Side Management Grant

MDTG-Municipal Demarcation Transition Grant

MSCOA –Municipal Standards Chart of Account

PART 1 – Annual Budget

1.1 Mayor's Report

Before I present the most important speech to all of us, let me acknowledge in our midst,

Honourable speaker of the council Cllr Humbulani Mulovhedzi;

Chief whip of the council: Cllr Grace Mahosi

Members of the Executive Committee;

Fellow Councillors;

Municipal Manager Mr Hlengani Emmanuel Maluleke;

Senior Management team;

Distinguished Guests;

Ladies and Gentlemen;

Let me also recognize all other guests which I did not mention. You have indeed demonstrated a keen interest in the work of our administration under the leadership of our Municipal Manager, Mr. Maluleke HE. Thank you and **good morning!! Ndi Matsheloni!!**

Honourable Speaker,

I am indeed pleased to be afforded this opportunity to address this sitting on this important occasion, as I will be presenting the 2018/2019 Budget.

I stand before this august house and the people of Thulamela With a great sense of appreciation for the opportunity afforded to me to present the 3years integrated development plan (IDP) and mid-term revenue and expenditure framework (MTREF) for the term 2018-2021 financial year.

We meet here today just two days before the World Anti-Tobacco Day. This day is celebrated around the world on 31st of May each year. This annual celebration focuses on the dangers of using tobacco, and what people around the world can do to protect the right to health and healthy living for themselves and for future generations.

It is that time of the year once again where we retrospect to the journey that we have travelled together. As we ponder on the successes and challenges that we have confronted in this outgoing fiscal year, we are equally able to use the benefit of hindsight to plan and budget for better interventions in the coming year.

As the ANC led government, we went to elections with a mandate on our manifesto and we were given clear mandate by the community to deliver sustainable service in constitutional compliant manner.

Honourable Speaker,

I wish to take this opportunity to appreciate all Councillors who have been diligently serving the people of Thulamela with pride and dedication, your names will not be wiped out from the book of selfless servants of the people. What will rank you further cannot be

measured only by what you have accomplished here, but also by your methodical application of what you have learnt and how you excel in such application.

Honourable Speaker,

2018 is the year of Nelson Mandela, we celebrate the spirit of this ANC stalwart and what he strived for. He was a fighter for human rights. Those acquainted to him described him as a hard-worker, unifier, strategist and the sacrifices he has made. Had he not sacrificed, we will still be in the doldrums. We will still be languishing in poverty, inequality and hopelessness.

Two decades ago, Nelson Mandela was formally elected as the first President of a democratic South Africa. When Madiba took an oath of office on the 10th of May 1994, it was one of the greatest historic moments of our country, and the African diaspora. Madiba healed our wounds and established the rainbow nation very firmly. He set us on the path of nation building, prosperity, respected members of the community and the nation at large. He taught us that all South Africans have equal claim to this country, and that there can be no lasting peace unless all of us, black and white, learned to live together in harmony and peace. He made reconciliation the central theme of his term of office. We will not deviate from that nation-building task. Thank you Madiba, for showing us the way.

At the moment a new nation has been born, a nation founded on the fundamental principles of human dignity and equal rights for all. A nation founded on the promise that: I quote ‘never and never again’ would this land experience the oppression of one another, close quote. Today, we have a new president, who had said during his inaugural speech that “thuma mina” which means, send me. Indeed as leaders we are sent to the people to work for the people.

In one of South Africa’s most acclaimed novels that I read called *Cry the beloved country*, written by *Alan Paton*, the narrator says: I Quote “*All roads lead to Johannesburg.*” Close quote.

This was true at the time of the writing of the novel in 1948, when Johannesburg was the only place where people living in abject rural poverty under apartheid, had a glimmer of opportunity to make a living in the city.

An unknown author has however written that: “*All roads lead to Thulamela*”

You will accept the fact that through the administration of the ANC, even Thulamela has become a force for thought as an economic destination. We are gradually turning into a city, and this is as a result of your hard and determined work, coupled with the cooperation from the civil society. Truly we thank you Thulamela community.

Honourable Speaker,

During the inauguration of this Council we vowed to play our role in continuing to prosper and advance the discharge of service delivery to our communities. We promised our residents that we would do our best in planning and strategizing to implement our

mandated responsibilities by the electorates, whilst taking this community and the country to new frontiers.

Let me further extend my congratulations to the department of community services, for receiving an award of 2nd runner-up in best improved driving license testing Centre in Thohoyandou. Through your leadership, Thulamela received a new status quo when it comes to service delivery. There was indeed a paradigm shift in this regard. To me it is a good report, because it shows that we have and continue to prioritize service delivery at all levels. This is an assurance to our community that, service delivery is still our number one objective in our municipality.

Honourable Speaker,

I am pleased to say that we have indeed done much to implement the commitments we made to our communities. However, it is obvious that we still have outstanding work to do. We must continue to work hard. Over the remainder of our term, we will also work hard to realize the five key objectives we have set ourselves as the governing party. The overwhelming mandate, which we accept with humility and confidence, enjoins us to do more in order to consolidate democracy and expand the horizons of freedom.

Accordingly, the key focus will be on the

- Refuse removal, refuse dumps and solid waste disposal;
- Street trading;
- Street lighting;
- Law enforcement; and
- The municipal roads.

Honourable Speaker,

We have once again received an unqualified audit for the 2016/2017 financial year and it symbolizes excellent governance, a top administration and a clean corporate and political administration without corruption.

Honourable speaker let me reiterate this ‘an unqualified audit opinion does not indicate prosperity and wealth’ Thulamela municipality is not wealthy and the economy is still low as compared to our anticipation. We have dug deep to find meaningful vehicles for growth and development. The lack of income sources is a major obstacle to growth and development goals.

Fellow Councillors, even if one would like to mention all progress we made in the past years, it will not be possible here, since much will be mentioned on the State of the municipal address (SOMA) which will be held shortly.

Honourable Speaker, in compiling this budget we have followed the process prescribed by legislation and adhered to the guidelines stipulated by the National Treasury, additional to this, we laid out restrictive criteria’s that departments had to apply in their budget submissions.

In terms of the Municipal Finance Management Act, the Municipality must submit a budget to the community for comments and consideration before a final budget can be

presented and approved by Council. That was done through our IDP consultative meetings. This notion was also influenced by the freedom Charter that was adopted in 1955 “The People shall govern”- today the people are planning with the government through consultative meetings as per legislation.

Honourable Speaker

We table this budget today, fully understanding the challenges that we face as a municipality which includes the fact that our municipality simply does not have sufficient funding for all areas that need to be funded, as I have previously alluded. This budget gives us the responsibility to make a decision between competing priorities and fiscal realities. The challenge is to do more with the available resources.

Let me once more present to you the Budget for the 2018/2019 financial year. This strategic policy documents is now presented for consideration and approval in terms of the Municipal Finance Management Act (Act 56, of 2003) Chapter 4, section 16, subsection (1) and (2).

The following is the total funding Summary for 2018/2019 financial year:

Revenue

The projected budget for 2018/2019 financial year is R 821 Million while the previous year was R 814 million. Revenue has increased by R7 Million due to the following reason:

- The Equitable share was provided for R 361 million in 2017/2018 financial year while in 2018/2019 financial year is budgeted for at R 391 million.
- Municipal Infrastructure Grant was budgeted for at R 101 million in 2017/2018 financial year, while in 2018/2019 financial year is R114 million.
- The tariff increased by 5.3% as per MFMA Circular No:89

EXPENDITURE

SALARIES

| | ADJUSTMENT BUDGET (2017/18) | BUDGET (2018/19) |
|------------------------|--------------------------------|------------------|
| TOTAL EMPLOYEE COST | R 237 million | R 268million |

The salaries and wages for 2017/2018 financial year was R237 million and has increased to R 268 million for 2018/2019 financial year. Salaries and Wages increased by 7.1%

GENERAL EXPENSES

| | ADJUSTMENT BUDGET (2017/18) | BUDGET (2018/19) |
|-----------------------|--------------------------------|------------------|
| TOTAL GENERAL EXPENSE | R 185 million | R 171 million |

General expenditure has decreased due to the following major items:

- Decrease in depreciation and impairment of assets from R53 million to R50 million
- Indigent subsidy that has gone down from R25 million to R17 million
- Legal costs has gone down from R13 million to R8 million
- Streamlining of expenses as a result of a suspension to charge development levy in rural areas.
- Circulars 89 and 91 were also taken into consideration.

REPAIRS AND MAINTENANCE

| | ADJUSTMENT BUDGET (2017/18) | BUDGET (2018/19) |
|-----------------------------|-----------------------------------|------------------|
| TOTAL REPAIRS & MAINTENANCE | R 21 million | R 28 million |

Repairs and maintenance increased by R 7 million

PROVISION FOR DOUBTFUL DEBT

| | ADJUSTMENT BUDGET (2017/18) | BUDGET (2018/19) |
|------------------------------------|-----------------------------------|------------------|
| TOTAL PROVISION FOR DOUBTFUL DEBTS | R 68,8 million | R 70,0 million |

An amount R 70 million will be provided as doubtful debts due to non-payment of our debtors on the billed services and traffic fines. The expected collection rate for 2018/2019 financial year is 53% and 47% of billed revenue will be provided for as bad debts.

DEPRECIATION

| | ADJUSTMENT BUDGET (2017/18) | BUDGET (2018/19) |
|--------------------|-----------------------------------|------------------|
| TOTAL DEPRECIATION | R 53 million | R 50 million |

It is the requirement of GRAP presentation in respect of assets. Depreciation has been provided for R50 million in 2018/2019 financial year.

CAPITAL BUDGET

| | ADJUSTMENT BUDGET (2017/18) | BUDGET (2018/19) |
|----------------------|--------------------------------|------------------|
| TOTAL CAPITAL BUDGET | R 217,4 million | R 201,9 million |

The capital budget was R217, 4 million in 2017/2018 financial year and has decreased to R201, 9 Million for the year 2018/2019 financial year.

This was caused by a decrease in own revenue initiated by our suspension to charge development levy fund.

| | 2018/2019 |
|--|---------------------|
| GRANT (MUNICIPAL INFRASTRUCTURE GRANT) | R114,323,000 |
| OWN FUNDING | R87,655,279 |
| TOTAL CAPITAL BUDGET FUNDING | R201,978,279 |

These are some of the capital projects *amongst others*;

- Khoroni to Univen Road budgeted R36 Million;
- Thohoyandou N Road budgeted R28 Million;
- Makwarela Ex 3 budgeted R13,5 million;
- Makwarela stadium budgeted R20,5 Million;
- Vhufuli Trading area budgeted R5 Million;
- Show site budgeted R1 Million and
- Shayandima Industrial Development budgeted R3,2 Million;

Honourable Speaker

Thulamela Municipality is governed by the same regulations and the Administration has indicated that we are well on par to reach compliance. Also note that the Organisational Structure, the Integrated Development Plan and the SDBIP are Mscoa compliant. As you know the organisational structure (organogram) has to be in line with the functional segments of Mscoa and, this Council has already approved Chapter 6 of the IDP which relates to the Mscoa compatibility.

Honourable Speaker

We have allocated some funds for Youth Development and Community Outreach Projects in line with our key performance areas.

Honourable speaker, let me Conclude by saying that, we need to radically transform our economy so that we have a more diversified economy, with more jobs and inclusivity in ownership and participation. We need to prioritise our spending better, implement our plans more effectively and make a greater impact.

Honourable Speaker

Drafting this budget was not an easy process and it required exceptional expertise, hard work and dedication. It required open minds and clear thinking. I believe we have developed a document that serves the best interest of this municipality.

I would like to thank all Councillors, the Municipal Manager and his team for the hard work you have put into this process

Honourable Speaker this Budget and IDP is an expression of the aspirations of our people. On its own it cannot achieve the desired outcomes. It requires discipline and commitment of men and women who will resolute in making sure that the institution does not punch below its weight; and that all institutional efforts are in kilt with the set norms and standards.

Ladies and gentleman, according to the Local Government Municipal Finance Management Act a municipal council may in terms of subsection (1) (b) approve capital projects below a prescribed value either individually or as part of a consolidated capital programme.

Honourable Speaker

I therefore present this IDP and 2018/2019 financial year budget, together with other related document such as policies and traffics for consideration and approval as mandated by MFMA Act (Act 56, of 2003) chapter 4, section 16, subsection (1) and (2).

I THANK YOU

1.2 Resolution



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**EXTRACT RESOLUTION OF THULAMELA MUNICIPALITY
ORDINARY COUNCIL MEETING NO. 04/2017/2018 HELD
ON THE 29 MAY 2018.**

RESOLUTION NO. OC 14/05/18

**TARIFFS AND ANNUAL BUDGET 2018/2019 - 2020/2021
FINANCIAL YEARS.**

Council resolved:

The Council of Thulamela Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

1.2.1.1. The Tabled budget of the municipality for the financial year 2018/2019 and the multi-year and single-year capital appropriations as set out in the following tables:

- a) Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table A2 of MTREF
- b) Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table A3 of MTREF
- c) Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table A4 of MTREF
- d) Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table A5 of MTREF



THULAMELA
MUNICIPALITY

1.2.1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:

- a) Budgeted Financial Position as contained in Table A6 OF MTREF
- b) Budgeted Cash Flows as contained in Table A7 OF MTREF
- c) Cash backed reserves and accumulated surplus reconciliation as contained in Table A8 OF MTREF
- d) Asset management as contained in Table A9 of MTREF
- e) Basic service delivery measurement as contained in Table A10 OF MTREF

1.2.1.3. Tariffs and charges reflected in Annexure B are approved for the budget Year 2018/2019.

1.2.1.4. The Budget related policies as detailed in Annexure C are approved for the budget year 2018/2019.



CHAIRPERSON OF COUNCIL
29 MAY 2018

1.3 Executive Summary

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

We remember that in South Africa, we stabilised our economy after the 2008 crisis. We have achieved a recovery in growth and jobs. Yet we need to do more, together with labour, business and all stakeholders, to lead our economy in a new, bold direction for higher growth, decent work and greater equality. This statement is the intention of the whole nation which as local government sphere we must ensure that our plans address the vision of the whole nation.

The Annual budget for 2018/2019 was compiled in accordance with the requirements of the Municipal Finance Management Act (Act 56 of 2003) as well as the Municipal Budget and Reporting Regulations and all Circulars including 86 and 91, which gives a clear directive on the prescribed reporting framework and structure to be used. The results from consultative forums were considered and positively taken.

The budget process plan was prepared and tabled to council and approved on August 2017. On the 26 March 2018, the draft Integrated Development Plan, draft Budget, draft Organizational structure and draft tariff structure were tabled to council. Public Participation was conducted during April 2018 in all eighty-seven wards.

The main challenges experienced during the compilation of the 2018/2019 Budget and MTREF can be summarized as follows:

- On-going difficulties in the national and local economy.
- Wage increases for municipal staffs that continue to exceed consumer inflation, as well as need to fill critical positions, including Senior Manager Position (sec 56).

- The need to reprioritize projects and expenditure within the existing limited resource taking into account the current cash flow limitations
- Non-payment of municipal services account.
- Budget Mscoa implementation.
- Poverty is the highest challenge in our municipality, the municipality will enhance measure to reduce poverty within Thulamela Municipality through the budget of community services.
- The withdrawal of funding for electrification from the department of Energy during 2017/2018 financial year.
- The municipal grant dependency.

The following budget principles and guidelines informed the compilation of the 2018/2019 Budget and Medium Term Revenue and Expenditure Framework:

- Section 18 (1) of Municipal Finance Management Act
- The adjustment Budget for 2017/18 Budget year;
- Strategic objectives that were formulated during the strategic planning session of the municipality which were held Tshipise Resort on 14 to 16 March 2018.
- Budget allocated by national and provincial funding through the Division of Revenue Act;
- Zero rated budgeting was used on capital budget
- Tariff and property rate increases is affordable and does generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality
- Tariffs remain or move towards being cost reflective, and take into account the need to address infrastructure backlogs
- Mscoa Alignment (Schedule A1 format downloaded from Treasury website

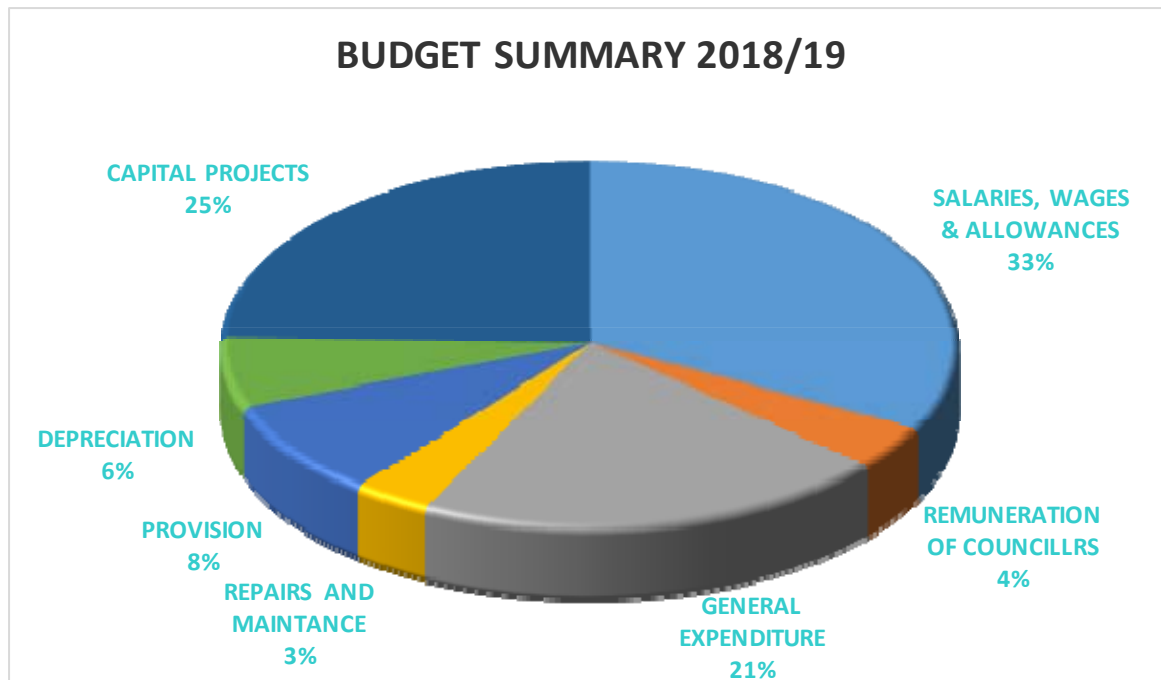
The service delivery priorities of the municipality were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low to high-priority programs so as to maintain sound financial management.

Despite the limited resources, Thulamela municipality is still and will always stay committed towards a better life for all. We will continue to prioritize community needs as people comes first in whatever we do.

The following is a summary of Annual budget for 2018/2019 financial year.

| BUDGET SUMMARY | | | | |
|---|--------------------|-----------------------|-----------------------|-----------------------|
| | | | | |
| | ADJUSTMENT | Budget 2018/19 | Budget 2019/20 | Budget 2020/21 |
| SALARIES, WAGES & ALLOWANCES | 237,449,292 | 268,452,379 | 282,964,617 | 299,376,565 |
| REMUNERATION OF COUNCILLRS | 29,985,828 | 31,545,091 | 33,280,071 | 35,110,475 |
| GENERAL EXPENDITURE | 185,221,306 | 170,758,406 | 182,521,998 | 186,717,422 |
| | | | | |
| REPAIRS AND MAINTANCE | 21,714,000 | 28,495,784 | 30,064,315 | 31,717,852 |
| | | | | |
| PROVISION | 68,863,981 | 70,000,000 | 71,000,000 | 74,905,000 |
| | | | | |
| DEPRECIATION | 53,379,314 | 50,000,000 | 52,470,220 | 55,175,582 |
| | | | | |
| CAPITAL PROJECTS | 217,403,000 | 201,978,279 | 191,340,000 | 197,729,656 |
| | | | | |
| TOTAL EXPENDITURE | 814,016,720 | 821,229,939 | 843,641,221 | 880,732,552 |
| | | | | |
| INCOME | 814,016,720 | 821,229,939 | 843,641,221 | 880,732,552 |

Municipal Tariffs have been generally increased by 5.3%.



The second highest percentage goes to the capital budget (25%) as we continue to address backlog of service delivery.

The municipality is determined to continue to give hope to the hopeless and light to those in darkness. General expenditure of 21% includes R35 millions of electrification projects from Division of Revenue allocation and re-gravelling of streets amounting R5 million.

The salaries and wages for 2017/2018 financial year was R237 million and it has increased to R 268 million for 2018/2019 financial year. Salaries and Wages increased by 7.1% while we are waiting for the Bargaining Council to furnish us with the percentage increase, we also considered the filling of critical vacant positions that were not filled during the 2017/18 financial year, hence a huge difference as compared to the 2016/17 audited figure of R227 million.

Repairs and maintenance is 3% of the total budget and is below the norm however the amount provided as per SA34C, will be able to deal with all items that needs to be repaired or maintained in 2018/2019 financial year. The municipality has also budgeted for master plan for electricity and housing of R2 million this financial year. This will also

assist the municipality in reaching the 8% norm on budgeting repairs and maintenance next financial year.

However our maintenance staff (in-house repairing and maintaining) has also been trained to attend major repairs and maintenance which has reduced the percentage of repairs and maintenance.

The Municipality has new assets that are on service plan and will not need to be repaired and maintained at a cost.

Provision for doubtful debts is 9 % of the total budget due to non-payment of debts.

Contribution to provision for doubtful debts has be based on the current collection trend.

The suspension of Development levy resulted to have a decrease on the provision for bad debts compare to the previous year, as is one of the strategic session resolution.

Depreciation is 6% of the total budget, and this has been done in line with GRAP standard and we also considered the actual amount as our basis.

Depreciation decreased by R3 million between 2017/2018 adjusted budget and 2018/2019 financial year because we have disposed and transferred some assets to LIM345 (Collins Chabane municipality) some of our assets during the financial year 2017/18. We are anticipating to dispose some of our assets during the coming years.

Revenue has been growing since 2014/2015, this is mainly as a results of Operational Grants (such as equitable share) increasing every year. However in 2018/2019 revenue had gone down due to decrease in grant allocation.

Total expenditure has been increasing since 2014/2015 up adjusted budget to 2017/2018. The grants allocation has decreased by about R180 million. The municipality has developed a cost containment strategy in line with MFMA circular 82, so that delivery of service is provided with the little resources available. The municipality has also developed a revenue enhancement strategy and Revenue enhancement implementation plan, which will also be an annexure to the budget.

The same trend is on Capital expenditure, it has been increasing since 2014/2015 to 2017/2018, assuming that the collection rate will increased, unfortunately during 2018/2019 financial year capital budget decreased because of allocation of the Grant.

Past financial performances for the past two years are indicated below:

| Description | 2015/16 | 2016/17 |
|--|----------------------|--------------------|
| | R thousand | R thousand |
| Revenue By Source | | |
| Property rates | 46 877 998 | 44 111 344 |
| Service charges - refuse revenue | 50 566 078 | 43 271 129 |
| Service charges – other | - | |
| Rental of facilities and equipment | 594 457 | 789 620 |
| Interest earned - external investments | 24 016 073 | 29 839 093 |
| Interest earned - outstanding debtors | 19 936 869 | 18 578 783 |
| Fines, penalties and forfeits | 8 255 328 | 6 012 416 |
| Licenses and permits | 12 392 846 | 11 455 248 |
| Transfers and subsidies | 626 510 795 | 529 229 253 |
| Other revenue | 15 030 298 | 13 080 716 |
| Total Revenue | 804 180 742 | 696 367 603 |
| | | |
| Expenditure By Type | | |
| Employee related costs | 201 571 622 | 227 164 055 |
| Remuneration of councilors | 24 818 390 | 25 766 966 |
| Debt impairment | 77 077 027 | 86 907 705 |
| Depreciation & asset impairment | 447 400 413 | 46 344 578 |
| Finance charges | 877 980 | 557 526 |
| Contracted services | 2 821 723 | 2 300 000 |
| Other expenditure | 162 480 084 | 174 318 239 |
| Total Expenditure | 917 047 239 | 563 359 068 |
| | | |
| Surplus/(Deficit) | - 237 950 760 | 23 406 282 |

The Budgetary constraint that the municipality is facing is the extent of operational budget which exceeds the capital budget. The contributing factor is the salary budget which consumes bigger percentage of the whole budget. This is due to high staff component that is a result of transfer of staff from disestablished former Mutale

municipality. Furthermore National Treasury gives a minimal allocation in respect MIG which is solely utilized to implement capital projects. Whilst the municipality is having a bigger percentage of the budget being salaries (33%), annually there are salary increments which should be affected with low revenue base which the municipality have. This situation will continue until such time that the municipality has improved its revenue base and utilizes that improvement to implement capital projects.

In the year 2018/2019, a multi-year project to tar Khoroni to Univen road (*amongst other*) will continue... See supporting table SA36 for a (Summary of detailed Capital budget) for the years.

Tariff Policies

Municipality tariff policy provide a board framework within which the council can determine fair, cost benefit, transparent and affordable charges that also promote sustainable service delivery. The policies approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation for the next three years.

The projected income for 2018/2019 financial year is R 821.2 million while the previous year was R 814 million. Revenue has increased by R7 million due to the following reason:

- Plan to extend the Refuse Removal services.
- Continuous implementation of supplementary valuation roll which is done as and when there are new property developed or improvement of properties.
- Improve customer services and direct contact with customer by establishing customer service desk.
- Engage office of MEC and Premier to ensure that government employees pay for the services
- Implementation of revenue enhancement strategy
- Audit of farms, conduct valuations and bill Rural Development to strengthen revenue collection
- Tariff rate has increased by 5.3%.

Transfer recognized on capital projects has increased as a results of Municipal Infrastructure Grant which was budgeted for R101 million in 2017/2018 financial year while in 2018/2019 financial year is R 114 million. There is an increase of R 13 million

The following table is a consolidated overview of the proposed 2018/2019 Capital expenditure.

| Description | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|---|------------------------|------------------------|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| Surplus/(Deficit) | (13,886,766) | (237,950,760) | 23,406,282 | 150,891,000 | 116,244,000 | 87,655,280 | 91,957,000 | 92,650,657 |
| Transfers and subsidies - capital (monetary allocation) | 174,265,118 | 125,084,263 | 109,602,252 | 101,159,000 | 101,159,000 | 114,323,000 | 99,383,000 | 105,079,000 |
| Surplus/(Deficit) after capital transfers & contribution | 160,378,352 | (112,866,497) | 133,008,534 | 252,050,000 | 217,403,000 | 201,978,280 | 191,340,000 | 197,729,657 |

- The capital budget was budgeted for R217 million in 2017/2018 financial year adjustment budget while it is budgeted for R 202 million in 2018/2019 million. There is a decrease of R17 Million since the grants funding has increased slightly by about R 6 million and a suspension to charge Development levy has caused a decrease in the funding of capital projects to be funded from own funds. Nevertheless poverty is still the highest challenge in our municipality.

Capital Budget for 2018/2019 financial year is 25 % of total budget.

1.4 Annual Budget Tables

See attached copy of Medium Term Revenue and Expenditure (MTREF) which represents the ten main budget tables (Table A1 to Table A10) as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2018/2019 Budget.

Table A1 –Budget Summary

| LIM343 Thulamela - Table A1 Budget Summary | | | | | | | | | | |
|--|-----------------|------------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| Description | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
| R thousands | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| Financial Performance | | | | | | | | | | |
| Property rates | 41 712 | 46 878 | 44 111 | 83 228 | 46 932 | 46 932 | – | 70 695 | 74 795 | 78 909 |
| Service charges | 46 995 | 50 566 | 43 271 | 72 155 | 51 407 | 51 407 | – | 47 420 | 47 753 | 49 882 |
| Investment revenue | 18 313 | 24 016 | 29 839 | 38 000 | 40 000 | 40 000 | – | 50 000 | 51 946 | 28 803 |
| Transfers recognised - operational | 346 104 | 501 427 | 419 627 | 408 233 | 393 323 | 393 323 | – | 435 845 | 464 279 | 501 887 |
| Other own revenue | 158 847 | 56 210 | 49 917 | 181 163 | 181 196 | 181 196 | – | 97 617 | 99 701 | 109 573 |
| Total Revenue (excluding capital transfers and contributions) | 611 971 | 679 096 | 586 765 | 782 780 | 712 858 | 712 858 | – | 701 578 | 738 474 | 769 054 |
| Employee costs | 193 057 | 201 572 | 227 164 | 266 533 | 237 449 | 237 449 | – | 268 452 | 284 167 | 299 377 |
| Remuneration of councillors | 23 474 | 24 818 | 25 767 | 27 604 | 29 784 | 29 784 | – | 31 545 | 33 280 | 35 110 |
| Depreciation & asset impairment | 60 056 | 447 400 | 46 345 | 53 379 | 53 379 | 53 379 | – | 50 000 | 52 470 | 55 176 |
| Finance charges | 2 698 | 878 | 558 | 636 | 636 | 636 | – | 660 | 696 | 735 |
| Materials and bulk purchases | – | – | – | – | – | – | – | – | – | – |
| Transfers and grants | – | – | – | – | – | – | – | – | – | – |
| Other expenditure | 346 572 | 242 379 | 263 526 | 283 737 | 275 365 | 275 365 | – | 263 265 | 275 903 | 286 006 |
| Total Expenditure | 625 857 | 917 047 | 563 359 | 631 889 | 596 614 | 596 614 | – | 613 922 | 646 517 | 676 403 |
| Surplus/(Deficit) | (13 887) | (237 951) | 23 406 | 150 891 | 116 244 | 116 244 | – | 87 655 | 91 957 | 92 651 |
| Transfers and subsidies - capital (monetary allocation) | 174 265 | 125 084 | 109 602 | 101 159 | 101 159 | 101 159 | – | 114 323 | 99 383 | 105 079 |
| Contributions recognised - capital & contributed assets | – | – | – | – | – | – | – | – | – | – |
| Surplus/(Deficit) after capital transfers & contributions | 160 378 | (112 866) | 133 009 | 252 050 | 217 403 | 217 403 | – | 201 978 | 191 340 | 197 730 |
| Share of surplus/ (deficit) of associate | – | – | – | – | – | – | – | – | – | – |
| Surplus/(Deficit) for the year | 160 378 | (112 866) | 133 009 | 252 050 | 217 403 | 217 403 | – | 201 978 | 191 340 | 197 730 |
| Capital expenditure & funds sources | | | | | | | | | | |
| Capital expenditure | 246 787 | 262 259 | 182 147 | 252 050 | 217 403 | 217 403 | – | 201 978 | 191 340 | 197 730 |
| Transfers recognised - capital | 174 265 | 252 800 | 109 602 | 101 159 | 101 159 | 101 159 | – | 114 323 | 99 383 | 105 079 |
| Public contributions & donations | – | – | – | – | – | – | – | – | – | – |
| Borrowing | – | – | – | – | – | – | – | – | – | – |
| Internally generated funds | 72 522 | 9 459 | 72 545 | 150 891 | 116 244 | 116 244 | – | 87 655 | 91 957 | 92 651 |
| Total sources of capital funds | 246 787 | 262 259 | 182 147 | 252 050 | 217 403 | 217 403 | – | 201 978 | 191 340 | 197 730 |
| Financial position | | | | | | | | | | |
| Total current assets | 462 703 | 514 526 | 562 100 | 608 992 | 608 992 | 608 992 | – | 716 042 | 784 820 | 860 748 |
| Total non current assets | 1 251 732 | 1 587 286 | 1 458 151 | 1 983 849 | 1 983 849 | 1 983 849 | – | 2 154 660 | 2 343 030 | 2 534 654 |
| Total current liabilities | 108 549 | 131 284 | 109 641 | 52 532 | 52 532 | 52 532 | – | 91 190 | 91 242 | 91 296 |
| Total non current liabilities | 20 418 | 23 893 | 27 735 | 21 560 | 21 560 | 21 560 | – | 22 026 | 23 171 | 24 376 |
| Community wealth/Equity | 1 585 468 | 1 946 635 | 1 882 875 | 2 518 749 | 2 518 749 | 2 518 749 | – | 2 757 486 | 3 013 438 | 3 279 730 |
| Cash flows | | | | | | | | | | |
| Net cash from (used) operating | 240 085 | 405 984 | 240 938 | 197 702 | 268 233 | – | – | 271 577 | 271 460 | 288 846 |
| Net cash from (used) investing | (144 460) | (258 408) | (182 147) | (250 050) | (215 403) | – | – | (340 159) | (195 953) | (204 855) |
| Net cash from (used) financing | (36 022) | (29 420) | (1 868) | (1 391) | (1 391) | – | – | – | – | – |
| Cash/cash equivalents at the year end | 313 267 | 431 422 | 488 345 | 434 606 | 539 783 | – | – | 419 763 | 495 270 | 579 261 |
| Cash backing/surplus reconciliation | | | | | | | | | | |
| Cash and investments available | 313 267 | 431 422 | 488 345 | 160 243 | 160 243 | 160 243 | – | 419 763 | 495 270 | 579 261 |
| Application of cash and investments | 48 330 | 109 718 | 46 422 | (118 630) | (239 387) | 50 000 | – | (77 242) | (87 516) | (63 212) |
| Balance - surplus (shortfall) | 264 937 | 321 704 | 441 923 | 278 873 | 399 630 | 110 243 | – | 497 005 | 582 787 | 642 473 |
| Asset management | | | | | | | | | | |
| Asset register summary (WDV) | 1 251 389 | – | 1 802 367 | 2 037 229 | 2 002 682 | 2 002 682 | – | 2 204 660 | 2 395 500 | 2 589 830 |
| Depreciation | 47 114 | 60 056 | 447 400 | 53 379 | 53 315 | 53 315 | – | 50 000 | 52 470 | 55 176 |
| Renewal of Existing Assets | – | – | – | 173 100 | – | – | – | – | – | – |
| Repairs and Maintenance | – | 16 623 | – | 20 362 | 21 714 | 21 714 | – | 28 496 | 30 064 | 31 718 |
| Free services | | | | | | | | | | |
| Cost of Free Basic Services provided | – | – | – | – | – | – | 5 329 | 5 329 | 5 784 | 6 600 |
| Revenue cost of free services provided | 18 774 | 18 774 | 29 000 | 44 614 | 44 614 | 44 614 | 11 090 | 11 090 | 11 090 | 11 746 |
| Households below minimum service level | | | | | | | | | | |
| Water: | – | – | – | – | – | – | – | – | – | – |
| Sanitation/sewage: | – | – | – | – | – | – | – | – | – | – |
| Energy: | – | – | – | – | – | – | 0 | 0 | 0 | 0 |
| Refuse: | – | – | – | – | – | – | 83 | 83 | 71 | 66 |

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating

- basic service delivery backlogs. Financial management reforms emphasize the importance of the municipal budget being funded.
3. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - (A) The operating surplus/deficit (after Total Expenditure) is positive over the final budget
 - (B) Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognized are reflected on the Financial Performance Budget
 - ii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years (cash-backed surplus amounting R105 million). The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
 4. The Cash backing/surplus reconciliation shows In essence the cash backing surplus table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
 5. From the table it can be seen that for the period 2015/16 up to date, the cash backed reserved shows a positive movement, which proves that the municipality will be able to pay their expenses.
 6. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor
 7. Property rates increases from R46, 9 million to R70, 6 million. This is caused by the Continuous implementation of supplementary valuation roll which is done as and when there are new property developed or improvement of properties.

Table A2 –Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The Total Revenue on this table includes capital revenues (Transfers recognized – capital)
2. Table 2 shows the surplus of R202 million which will be to fund Capital project for 2018/19 financial periods, this prove that the municipality follows section 18 of the MFMA. The municipality shows a surplus for all years.

| LIM343 Thulamela - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification) | | | | | | | | | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| Functional Classification Description | Ref | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
| R thousand | 1 | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| Revenue - Functional | | | | | | | | | | |
| Governance and administration | | 380 405 | 591 814 | 466 880 | 676 060 | 592 449 | 592 449 | 584 787 | 624 103 | 643 206 |
| Executive and council | | 338 679 | 493 056 | 380 444 | 364 080 | 364 080 | 364 080 | 427 832 | 460 579 | 499 687 |
| Finance and administration | | 41 726 | 98 758 | 86 435 | 311 980 | 228 369 | 228 369 | 156 955 | 163 524 | 143 519 |
| Internal audit | | - | - | - | - | - | - | - | - | - |
| Community and public safety | | 35 102 | 25 589 | 66 523 | 57 000 | 36 000 | 36 000 | 19 000 | 20 045 | 21 147 |
| Community and social services | | - | - | - | - | - | - | - | - | - |
| Sport and recreation | | 839 | 709 | 1 512 | 1 000 | 1 000 | 1 000 | 3 000 | 3 165 | 3 339 |
| Public safety | | 21 977 | 20 356 | 23 011 | 16 000 | 10 000 | 10 000 | 16 000 | 16 880 | 17 808 |
| Housing | | 12 286 | 4 524 | 42 000 | 40 000 | 25 000 | 25 000 | - | - | - |
| Health | | - | - | - | - | - | - | - | - | - |
| Economic and environmental services | | 322 744 | 134 980 | 119 694 | 121 223 | 134 160 | 134 160 | 164 693 | 145 956 | 159 897 |
| Planning and development | | 146 543 | 7 594 | 6 954 | 8 511 | 16 358 | 16 358 | 19 035 | 20 082 | 26 870 |
| Road transport | | 176 200 | 127 386 | 112 739 | 112 712 | 117 802 | 117 802 | 145 658 | 125 874 | 133 027 |
| Environmental protection | | - | - | - | - | - | - | - | - | - |
| Trading services | | 47 985 | 51 797 | 43 271 | 29 655 | 51 407 | 51 407 | 52 750 | 53 537 | 56 482 |
| Energy sources | | - | - | - | - | - | - | - | - | - |
| Water management | | - | - | - | - | - | - | - | - | - |
| Waste water management | | - | - | - | - | - | - | - | - | - |
| Waste management | | 47 985 | 51 797 | 43 271 | 29 655 | 51 407 | 51 407 | 52 750 | 53 537 | 56 482 |
| Other | 4 | - | - | - | - | - | - | - | - | - |
| Total Revenue - Functional | 2 | 786 236 | 804 181 | 696 368 | 883 939 | 814 017 | 814 017 | 821 230 | 843 641 | 880 733 |
| Expenditure - Functional | | | | | | | | | | |
| Governance and administration | | 359 943 | 240 496 | 283 866 | 281 651 | 270 534 | 270 534 | 264 970 | 275 063 | 290 051 |
| Executive and council | | 228 923 | 151 388 | 188 630 | 144 003 | 142 659 | 142 659 | 137 191 | 141 808 | 149 636 |
| Finance and administration | | 131 020 | 89 109 | 95 236 | 131 208 | 121 520 | 121 520 | 120 970 | 126 055 | 132 801 |
| Internal audit | | - | - | - | 6 440 | 6 355 | 6 355 | 6 809 | 7 200 | 7 613 |
| Community and public safety | | 104 824 | 124 416 | 107 553 | 161 525 | 139 514 | 139 514 | 170 646 | 180 071 | 186 759 |
| Community and social services | | - | - | - | 20 217 | 20 021 | 20 021 | 20 631 | 21 631 | 22 682 |
| Sport and recreation | | 24 393 | 18 227 | 16 442 | 5 036 | 5 579 | 5 579 | 5 922 | 6 261 | 6 620 |
| Public safety | | 46 588 | 47 193 | 61 382 | 56 058 | 50 887 | 50 887 | 54 587 | 56 680 | 59 951 |
| Housing | | 33 844 | 58 995 | 29 728 | 80 214 | 63 027 | 63 027 | 89 507 | 95 500 | 97 506 |
| Health | | - | - | - | - | - | - | - | - | - |
| Economic and environmental services | | 118 395 | 505 678 | 159 557 | 133 212 | 136 172 | 136 172 | 134 142 | 144 895 | 150 916 |
| Planning and development | | 17 822 | 21 246 | 35 698 | 37 977 | 45 950 | 45 950 | 45 891 | 51 958 | 52 751 |
| Road transport | | 100 573 | 484 432 | 123 859 | 95 235 | 90 221 | 90 221 | 88 251 | 92 936 | 98 166 |
| Environmental protection | | - | - | - | - | - | - | - | - | - |
| Trading services | | 42 695 | 46 457 | 12 384 | 55 501 | 50 394 | 50 394 | 49 493 | 52 273 | 55 277 |
| Energy sources | | - | - | - | - | - | - | - | - | - |
| Water management | | - | - | - | - | - | - | - | - | - |
| Waste water management | | - | - | - | - | - | - | - | - | - |
| Waste management | | 42 695 | 46 457 | 12 384 | 55 501 | 50 394 | 50 394 | 49 493 | 52 273 | 55 277 |
| Other | 4 | - | - | - | - | - | - | - | - | - |
| Total Expenditure - Functional | 3 | 625 857 | 917 047 | 563 359 | 631 889 | 596 614 | 596 614 | 619 252 | 652 301 | 683 003 |
| Surplus/(Deficit) for the year | | 160 378 | (112 866) | 133 009 | 252 050 | 217 403 | 217 403 | 201 978 | 191 340 | 197 730 |

Table A3 – Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote.

| LIM343 Thulamela - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote) | | | | | | | | | | |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| Vote Description | Ref | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| R thousand | | | | | | | | | | |
| Revenue by Vote | 1 | | | | | | | | | |
| Vote 1 - GOVERNANCE AND ADMIN | | 338 679 | 493 056 | 380 444 | 364 080 | 364 080 | 364 080 | 427 832 | 460 579 | 499 687 |
| Vote 2 - BUDGET AND TREASURY | | 40 207 | 98 360 | 86 435 | 308 980 | 203 804 | 203 804 | 155 903 | 162 414 | 142 349 |
| Vote 3 - CORPORATE AND SERVICES | | 1 519 | 398 | – | 3 000 | 1 000 | 1 000 | 1 052 | 1 110 | 1 171 |
| Vote 4 - COMMUNITY AND PUBLIC SAFETY | | 70 801 | 72 863 | 67 794 | 55 755 | 100 163 | 100 163 | 96 860 | 100 073 | 105 577 |
| Vote 5 - PLANNING AND DEVELOPMENT | | 146 543 | 7 594 | 6 954 | 8 511 | 16 358 | 16 358 | 19 035 | 20 082 | 26 870 |
| Vote 6 - TECHNICAL SERVICES | | 176 200 | 127 386 | 112 739 | 103 612 | 103 612 | 103 612 | 120 548 | 99 383 | 105 079 |
| Vote 7 - HOUSING AND ELECTRICITY | | 12 286 | 4 524 | 42 000 | 40 000 | 25 000 | 25 000 | – | – | – |
| Total Revenue by Vote | 2 | 786 236 | 804 181 | 696 368 | 883 939 | 814 017 | 814 017 | 821 230 | 843 641 | 880 733 |
| Expenditure by Vote to be appropriated | 1 | | | | | | | | | |
| Vote 1 - GOVERNANCE AND ADMIN | | 228 923 | 151 388 | 188 630 | 177 415 | 179 786 | 179 786 | 171 339 | 176 565 | 186 089 |
| Vote 2 - BUDGET AND TREASURY | | 63 557 | 31 298 | 38 410 | 43 543 | 40 369 | 40 369 | 43 742 | 46 307 | 48 955 |
| Vote 3 - CORPORATE AND SERVICES | | 67 462 | 57 810 | 56 826 | 57 682 | 58 247 | 58 247 | 59 471 | 60 602 | 63 913 |
| Vote 4 - COMMUNITY AND PUBLIC SAFETY | | 113 675 | 111 878 | 90 208 | 126 820 | 117 284 | 117 284 | 121 356 | 126 930 | 134 048 |
| Vote 5 - PLANNING AND DEVELOPMENT | | 17 822 | 21 246 | 35 698 | 50 980 | 47 679 | 47 679 | 45 585 | 53 461 | 54 326 |
| Vote 6 - TECHNICAL SERVICES | | 100 573 | 484 432 | 123 859 | 95 235 | 90 221 | 90 221 | 88 251 | 92 936 | 98 166 |
| Vote 7 - HOUSING AND ELECTRICITY | | 33 844 | 58 995 | 29 728 | 80 214 | 63 027 | 63 027 | 89 507 | 95 500 | 97 506 |
| Total Expenditure by Vote | 2 | 625 857 | 917 047 | 563 359 | 631 889 | 596 614 | 596 614 | 619 252 | 652 301 | 683 003 |
| Surplus/(Deficit) for the year | 2 | 160 378 | (112 866) | 133 009 | 252 050 | 217 403 | 217 403 | 201 978 | 191 340 | 197 730 |

Table A4 – Budgeted Financial Performance (revenue and Expenditure)

Total operating revenue decreased from R712 million in 2017/2018 to R706 million. This is caused by the suspension to charge Development levy on the coming years.

| LIM343 Thulamela - Table A4 Budgeted Financial Performance (revenue and expenditure) | | | | | | | | | | | | |
|---|------|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| Description | | Ref | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
| R thousand | | 1 | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| Revenue By Source | | | | | | | | | | | | |
| Property rates | 2 | | 41 712 | 46 878 | 44 111 | 83 228 | 46 932 | 46 932 | - | 70 695 | 74 795 | 78 909 |
| Service charges - electricity revenue | 2 | | - | - | - | - | - | - | - | (5 329) | (5 784) | (6 600) |
| Service charges - water revenue | 2 | | - | - | - | - | - | - | - | - | - | - |
| Service charges - sanitation revenue | 2 | | - | - | - | - | - | - | - | - | - | - |
| Service charges - refuse revenue | 2 | | 1 497 | 50 566 | 43 271 | 29 655 | 21 000 | 21 000 | - | 52 750 | 53 537 | 56 482 |
| Service charges - other | | | 45 498 | - | - | 42 500 | 30 407 | 30 407 | | | | |
| Rental of facilities and equipment | | | 684 | 594 | 790 | 1 000 | 1 324 | 1 324 | | 3 000 | 3 165 | 3 339 |
| Interest earned - external investments | | | 18 313 | 24 016 | 29 839 | 38 000 | 40 000 | 40 000 | | 50 000 | 51 946 | 28 803 |
| Interest earned - outstanding debtors | | | 17 252 | 19 937 | 18 579 | 32 000 | 21 005 | 21 005 | | 28 000 | 29 624 | 31 253 |
| Dividends received | | | | | | | | | | | | |
| Fines, penalties and forfeits | | | 16 511 | 8 255 | 6 012 | 9 100 | 12 100 | 12 100 | | 17 530 | 18 494 | 19 511 |
| Licences and permits | | | 12 595 | 12 393 | 11 455 | 16 000 | 10 000 | 10 000 | | 16 000 | 16 880 | 17 808 |
| Agency services | | | | | | | | | | 8 000 | 8 440 | 8 904 |
| Transfers and subsidies | | | 346 104 | 501 427 | 419 627 | 408 233 | 393 323 | 393 323 | | 435 845 | 464 279 | 501 887 |
| Other revenue | 2 | | 111 805 | 15 030 | 13 081 | 121 063 | 134 767 | 134 767 | - | 23 087 | 20 981 | 27 819 |
| Gains on disposal of PPE | | | | | | 2 000 | 2 000 | 2 000 | | 2 000 | 2 116 | 937 |
| Total Revenue (excluding capital transfers and contributions) | | | 611 971 | 679 096 | 586 765 | 782 780 | 712 858 | 712 858 | - | 701 578 | 738 474 | 769 054 |
| Expenditure By Type | | | | | | | | | | | | |
| Employee related costs | 2 | | 193 057 | 201 572 | 227 164 | 266 533 | 237 449 | 237 449 | - | 268 452 | 284 167 | 299 377 |
| Remuneration of councillors | | | 23 474 | 24 818 | 25 767 | 27 604 | 29 784 | 29 784 | | 31 545 | 33 280 | 35 110 |
| Debt impairment | 3 | | 150 773 | 77 077 | 86 908 | 71 251 | 68 864 | 68 864 | | 70 000 | 71 000 | 74 905 |
| Depreciation & asset impairment | 2 | | 60 056 | 447 400 | 46 345 | 53 379 | 53 379 | 53 379 | - | 50 000 | 52 470 | 55 176 |
| Finance charges | | | 2 698 | 878 | 558 | 636 | 636 | 636 | | 660 | 696 | 735 |
| Bulk purchases | 2 | | - | - | - | - | - | - | - | - | - | - |
| Other materials | 8 | | | | | | | | | | | |
| Contracted services | | | 5 245 | 2 822 | 2 300 | 13 250 | 3 000 | 3 000 | - | 3 100 | 3 271 | 3 450 |
| Transfers and subsidies | | | - | - | - | - | - | - | - | - | - | - |
| Other expenditure | 4, 5 | | 190 554 | 162 480 | 174 318 | 199 236 | 203 501 | 203 501 | - | 190 165 | 201 632 | 207 650 |
| Loss on disposal of PPE | | | | | | | | | | | | |
| Total Expenditure | | | 625 857 | 917 047 | 563 359 | 631 889 | 596 614 | 596 614 | - | 613 922 | 646 517 | 676 403 |
| Surplus/(Deficit) | | | (13 887) | (237 951) | 23 406 | 150 891 | 116 244 | 116 244 | - | 87 655 | 91 957 | 92 651 |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial and District) | | | 174 265 | 125 084 | 109 602 | 101 159 | 101 159 | 101 159 | | 114 323 | 99 383 | 105 079 |
| Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Education and Training Institutions) | | | | | | | | | | | | |
| Transfers and subsidies - capital (in-kind - all) | 6 | | - | - | - | - | - | - | - | - | - | - |
| Surplus/(Deficit) after capital transfers & contributions | | | 160 378 | (112 866) | 133 009 | 252 050 | 217 403 | 217 403 | - | 201 978 | 191 340 | 197 730 |
| Taxation | | | | | | | | | | | | |
| Surplus/(Deficit) after taxation | | | 160 378 | (112 866) | 133 009 | 252 050 | 217 403 | 217 403 | - | 201 978 | 191 340 | 197 730 |
| Attributable to minorities | | | | | | | | | | | | |
| Surplus/(Deficit) attributable to municipality | | | 160 378 | (112 866) | 133 009 | 252 050 | 217 403 | 217 403 | - | 201 978 | 191 340 | 197 730 |
| Share of surplus/ (deficit) of associate | 7 | | | | | | | | | | | |
| Surplus/(Deficit) for the year | | | 160 378 | (112 866) | 133 009 | 252 050 | 217 403 | 217 403 | - | 201 978 | 191 340 | 197 730 |

- Revenue to be generated from property rates and refuse removal increased from R46 million and R21 million in the 2017/2018 financial year to R70 million and R52 million respectively by 2018/2019. This represents an increase of the operating revenue base of the municipality and therefore remains a significant main own funding source for the municipality.
- Reasons for an change (increase/decrease) in our different sources of revenue:**
 - Property rates-** Continuous implementation of supplementary valuation roll which is done as and when there are new property developed or improvement of properties as well as audit of farms and bill Rural Development

- **Refuse removal-** the municipality has purchased additional refuse vehicle to extend the services to villages, charging bulk refuse charge to all the properties that are used for commercial residential purposes.
- **Rental of facilities-** increased by 300%. It is caused by rental of office space in the former Mutale offices, improved repairs and maintenance of Council properties to attract public to use them i.e. hiring of halls, stadium etc. The municipality has two teams playing in the NSFD league and we are anticipating one team to be promoted to the Premier League which will cause an increase of the rental of our Thohoyandou stadium
- **Interest on investment-** external investment will increase by R10 million in 2018/2019 period escalating from R40 million to R50 million. This will be caused by strict adherence to proper planning through the proper cash projections by the various department and proper implementation of the Demand Management Plan which will result in surplus cash to be invested from time to time, The calculation of interest earned is also based on all interest received from call accounts which are not reflected on the SA16 as is not really an investment account but is a call account.
- **Fines and penalties-** these are traffic fines and illegal use of land fines. An increase is as a result of additional vehicles purchased (on the last quarter of 2017/18 financial) that will be used by Law enforcement personnel. The Planning Department and Legal section will be more engaged on the control over the illegal use of land.
- **License and permits-** efforts will be made to make our service stations attractive. Additional resources (personnel) are placed to fast trek services wherein an express teller will be introduced.
- **Other revenue-** have decreased drastically. They consist of items like sale of sites, tender documents, hawkers licence, building plans, clearance certificates, advertising, rezoning etc. The municipality does not have enough land to sell and some of the items depend upon the needs of the community. The decrease is also attributed by the introduction of e-tender system which prevent the municipality to charge for tender documents. Much of the item was funded from our cash reserves during the current (2017/2018) financial year.

Other things to be done include:

- Improve customer services and direct contact with customer by establishing customer service desk.
- Engage office of MEC and Premier to ensure that government employees pay for the services
- Implementation of revenue enhancement strategy
- Audit of farms, conduct valuations and bill Rural Development to strengthen revenue collection

The municipality is anticipating to collect 50 % of all billed services

3. **Transfers recognized (Grants)** – operating includes the local government equitable share and other operating grants from national Government. The grants receipts from national government are growing rapidly over the budget year, however in 2017/2018 there has been a decrease in operational grant due to new demarcation arrangements and the need to fund free education by our National Government which resulted on the slightly increase of all our grants. Operational grant alone has increased from R393 million in 2017/2018 to R435 million in 2018/2019 financial year. There is an increase of R42 in operational grant from DORA and calculations are based on Circular 81 and 91.
4. For the 2018/2019 financial year the municipality budget will depend mainly on grants.
5. We do not budget for unspent conditional grant assuming that we will spent all (100%) grant.

Total operational expenditure has increased from R596 million in 2017/2018 to R619 million in 2018/2019 financial year.

1. **Employee related costs** and other expenditure are the main cost drivers within the municipality operational budget. The salaries and wages for 2017/2018 financial year was R237 million and it has increased to R 268 million for 2018/2019 because of the vacant posts that have to be filled on the coming financial year. Overall Salaries budget for 2018/2019 financial year has increased by 7% pending the finalisation of the current salaries negotiations that are not yet concluded.
2. **Repairs and maintenance** is representing only 3% of the total budget and is 0% of the carrying amount of PPE, which is below the required rate as per MFMA circular 86, however the amount provided as per SA34C, will be able to deal with all items that needs to be repaired or maintained in 2018/2019 financial year. The municipality has also budgeted for master plan for electricity and housing of R2 million this financial year. This will also assist the municipality in reaching the 8% norm on budgeting repairs and maintenance next financial year.

The reason is that currently we have rehabilitated our infrastructure which is roads storm water. And our mechanical staff has also been trained to attend the major repairs in-house.

The Municipality has new assets that are on service plan and will not need to be repaired and maintained at a cost.

Table A5 – Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The budget provides that a municipality may approve multi-year or single year capital budget appropriations. In relation to multi-year appropriations, for 2017/2018 R217 million has been allocated for capital expenditure which decreased to R202 million (a decrease R15 million when compared to 2017/2018 financial year).

| LIM343 Thulamela - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding | | | | | | | | | | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| Vote Description | Ref | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| R thousand | 1 | | | | | | | | | | |
| Capital expenditure - Vote | | | | | | | | | | | |
| Multi-year expenditure, to be appropriated | 2 | | | | | | | | | | |
| Vote 1 - GOVERNANCE AND ADMIN | | - | - | - | - | - | - | - | - | - | - |
| Vote 2 - BUDGET AND TREASURY | | - | - | - | - | - | - | - | - | - | - |
| Vote 3 - CORPORATE AND SERVICES | | 4 020 | 4 382 | 1 141 | - | - | - | - | - | - | - |
| Vote 4 - COMMUNITY AND PUBLIC SAFETY | | 16 711 | 5 077 | 25 315 | 40 800 | 40 800 | 40 800 | - | 42 700 | 8 000 | 19 000 |
| Vote 5 - PLANNING AND DEVELOPMENT | | 787 | - | 405 | 9 000 | 8 148 | 8 148 | - | 11 523 | 9 000 | 9 000 |
| Vote 6 - TECHNICAL SERVICES | | 211 461 | 252 800 | 152 647 | 148 900 | 130 900 | 130 900 | - | 86 500 | 102 500 | 93 000 |
| Vote 7 - HOUSING AND ELECTRICITY | | 13 809 | - | 2 640 | 3 800 | - | - | - | - | - | - |
| Capital multi-year expenditure sub-total | 7 | 246 787 | 262 259 | 182 147 | 202 500 | 179 848 | 179 848 | - | 140 723 | 119 500 | 121 000 |
| Single-year expenditure, to be appropriated | 2 | | | | | | | | | | |
| Vote 1 - GOVERNANCE AND ADMIN | | - | - | - | 180 | 120 | 120 | - | - | 150 | 3 400 |
| Vote 2 - BUDGET AND TREASURY | | - | - | - | 285 | - | - | - | 421 | 350 | - |
| Vote 3 - CORPORATE AND SERVICES | | - | - | - | 6 265 | 6 265 | 6 265 | - | 1 625 | 5 250 | - |
| Vote 4 - COMMUNITY AND PUBLIC SAFETY | | - | - | - | 23 500 | 15 250 | 15 250 | - | 7 500 | 5 620 | 4 450 |
| Vote 5 - PLANNING AND DEVELOPMENT | | - | - | - | 11 500 | - | - | - | - | - | - |
| Vote 6 - TECHNICAL SERVICES | | - | - | - | 7 820 | 6 800 | 6 800 | - | 34 200 | 19 200 | 8 000 |
| Vote 7 - HOUSING AND ELECTRICITY | | - | - | - | - | 9 120 | 9 120 | - | 17 510 | 41 270 | 60 880 |
| Capital single-year expenditure sub-total | | - | - | - | 49 550 | 37 555 | 37 555 | - | 61 255 | 71 840 | 76 730 |
| Total Capital Expenditure - Vote | | 246 787 | 262 259 | 182 147 | 252 050 | 217 403 | 217 403 | - | 201 978 | 191 340 | 197 730 |
| Capital Expenditure - Functional | | | | | | | | | | | |
| Governance and administration | | 4 020 | 4 382 | 1 141 | 6 730 | 6 385 | 6 385 | - | 2 046 | 5 750 | 3 400 |
| Executive and council | | | | | 180 | 120 | 120 | | | 150 | 3 400 |
| Finance and administration | | | | 1 141 | 6 550 | 6 265 | 6 265 | | 2 046 | 5 600 | - |
| Internal audit | | 4 020 | 4 382 | | | | | | | | |
| Community and public safety | | 26 925 | 5 077 | 18 364 | 62 220 | 54 170 | 54 170 | - | 60 910 | 49 740 | 79 230 |
| Community and social services | | | | | | | | | | | |
| Sport and recreation | | 13 073 | 5 077 | 14 299 | 44 400 | 41 800 | 41 800 | | 41 000 | 5 470 | 13 000 |
| Public safety | | 43 | | 1 425 | 6 200 | 3 250 | 3 250 | | 2 400 | 3 000 | 5 350 |
| Housing | | 13 809 | | 2 640 | 11 620 | 9 120 | 9 120 | | 17 510 | 41 270 | 60 880 |
| Health | | | | | | | | | | | |
| Economic and environmental services | | 212 248 | 252 800 | 153 052 | 169 400 | 145 848 | 145 848 | - | 132 223 | 130 700 | 110 000 |
| Planning and development | | 787 | | 405 | 9 000 | 8 148 | 8 148 | | 11 523 | 9 000 | 9 000 |
| Road transport | | 211 461 | 252 800 | 152 647 | 160 400 | 137 700 | 137 700 | | 120 700 | 121 700 | 101 000 |
| Environmental protection | | | | | | | | | | | |
| Trading services | | 3 595 | - | 9 591 | 13 700 | 11 000 | 11 000 | - | 6 800 | 5 150 | 5 100 |
| Energy sources | | | | | | | | | | | |
| Water management | | | | | | | | | | | |
| Waste water management | | | | | | | | | | | |
| Waste management | | 3 595 | | 9 591 | 13 700 | 11 000 | 11 000 | | 6 800 | 5 150 | 5 100 |
| Other | | | | | | | | | | | |
| Total Capital Expenditure - Functional | 3 | 246 787 | 262 259 | 182 147 | 252 050 | 217 403 | 217 403 | - | 201 978 | 191 340 | 197 730 |
| Funded by: | | | | | | | | | | | |
| National Government | | 174 265 | 252 800 | 109 602 | 101 159 | 101 159 | 101 159 | | 114 323 | 99 383 | 105 079 |
| Provincial Government | | | | | | | | | | | |
| District Municipality | | | | | | | | | | | |
| Other transfers and grants | | | | | | | | | | | |
| Transfers recognised - capital | 4 | 174 265 | 252 800 | 109 602 | 101 159 | 101 159 | 101 159 | - | 114 323 | 99 383 | 105 079 |
| Public contributions & donations | 5 | | | | | | | | | | |
| Borrowing | 6 | | | | | | | | | | |
| Internally generated funds | | 72 522 | 9 459 | 72 545 | 150 891 | 116 244 | 116 244 | | 87 655 | 91 957 | 92 651 |
| Total Capital Funding | 7 | 246 787 | 262 259 | 182 147 | 252 050 | 217 403 | 217 403 | - | 201 978 | 191 340 | 197 730 |

Table A6 – Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understand ability for councillors and management of the impact of the budget on the statement of financial position.
2. This format of presenting the statement of financial position is aligned to GRAP, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes SA3 which providing a detailed analysis of the major components of a number of items, including:
 - (a) Call investments deposits

- (b) Consumer debtors;
 - (c) Property, plant and equipment;
 - (d) Trade and other payables;
 - (e) Provisions noncurrent;
 - (f) Changes in net assets; and
 - (g) Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
 5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

| LIM343 Thulamela - Table A6 Budgeted Financial Position | | | | | | | | | | | |
|---|-----|------------------|------------------|------------------|----------------------|------------------|--------------------|-------------------|---|------------------------|------------------------|
| Description | Ref | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| R thousand | | | | | | | | | | | |
| ASSETS | | | | | | | | | | | |
| Current assets | | | | | | | | | | | |
| Cash | | 313 267 | 431 422 | 488 345 | 60 243 | 60 243 | 60 243 | | 119 763 | 195 270 | 279 261 |
| Call investment deposits | 1 | – | – | – | 100 000 | 100 000 | 100 000 | – | 300 000 | 300 000 | 300 000 |
| Consumer debtors | 1 | 3 239 | – | – | 288 749 | 288 749 | 288 749 | – | 146 279 | 139 550 | 131 487 |
| Other debtors | | 92 159 | 41 829 | 42 465 | 110 000 | 110 000 | 110 000 | | 100 000 | 100 000 | 100 000 |
| Current portion of long-term receivables | | 672 | 139 | | | | | | | | |
| Inventory | 2 | 53 366 | 41 136 | 31 290 | 50 000 | 50 000 | 50 000 | | 50 000 | 50 000 | 50 000 |
| Total current assets | | 462 703 | 514 526 | 562 100 | 608 992 | 608 992 | 608 992 | – | 716 042 | 784 820 | 860 748 |
| Non current assets | | | | | | | | | | | |
| Long-term receivables | | 343 | | | | | | | | | |
| Investments | | | | | | | | | | | |
| Investment property | | | | | | | | | | | |
| Investment in Associate | | | | | | | | | | | |
| Property, plant and equipment | 3 | 1 250 100 | 1 586 214 | 1 457 345 | 1 887 474 | 1 887 474 | 1 887 474 | – | 2 048 631 | 2 225 001 | 2 396 125 |
| Agricultural | | | | | | | | | | | |
| Biological | | | | | | | | | | | |
| Intangible | | 1 289 | 1 072 | 806 | 5 786 | 5 786 | 5 786 | | 6 691 | 9 191 | 9 191 |
| Other non-current assets | | | | | 90 588 | 90 588 | 90 588 | | 99 337 | 108 837 | 129 337 |
| Total non current assets | | 1 251 732 | 1 587 286 | 1 458 151 | 1 983 849 | 1 983 849 | 1 983 849 | – | 2 154 660 | 2 343 030 | 2 534 654 |
| TOTAL ASSETS | | 1 714 435 | 2 101 812 | 2 020 251 | 2 592 841 | 2 592 841 | 2 592 841 | – | 2 870 702 | 3 127 850 | 3 395 402 |
| LIABILITIES | | | | | | | | | | | |
| Current liabilities | | | | | | | | | | | |
| Bank overdraft | 1 | | | | | | | | | | |
| Borrowing | 4 | 28 374 | – | 1 662 | 1 391 | 1 391 | 1 391 | – | – | – | – |
| Consumer deposits | | 136 | | | 200 | 200 | 200 | | 200 | 200 | 200 |
| Trade and other payables | 4 | 79 443 | 130 343 | 85 936 | 50 000 | 50 000 | 50 000 | – | 90 000 | 90 000 | 90 000 |
| Provisions | | 596 | 941 | 22 043 | 941 | 941 | 941 | | 990 | 1 042 | 1 096 |
| Total current liabilities | | 108 549 | 131 284 | 109 641 | 52 532 | 52 532 | 52 532 | – | 91 190 | 91 242 | 91 296 |
| Non current liabilities | | | | | | | | | | | |
| Borrowing | | – | 2 074 | 431 | 683 | 683 | 683 | – | – | – | – |
| Provisions | | 20 418 | 21 819 | 27 304 | 20 877 | 20 877 | 20 877 | – | 22 026 | 23 171 | 24 376 |
| Total non current liabilities | | 20 418 | 23 893 | 27 735 | 21 560 | 21 560 | 21 560 | – | 22 026 | 23 171 | 24 376 |
| TOTAL LIABILITIES | | 128 967 | 155 177 | 137 376 | 74 093 | 74 093 | 74 093 | – | 113 216 | 114 413 | 115 672 |
| NET ASSETS | 5 | 1 585 468 | 1 946 635 | 1 882 875 | 2 518 749 | 2 518 749 | 2 518 749 | – | 2 757 486 | 3 013 438 | 3 279 730 |
| COMMUNITY WEALTH/EQUITY | | | | | | | | | | | |
| Accumulated Surplus/(Deficit) | | 1 585 468 | 1 946 635 | 1 882 875 | 2 518 749 | 2 518 749 | 2 518 749 | | 2 757 486 | 3 013 438 | 3 279 730 |
| Reserves | 4 | – | – | – | – | – | – | – | – | – | – |
| TOTAL COMMUNITY WEALTH/EQUITY | 5 | 1 585 468 | 1 946 635 | 1 882 875 | 2 518 749 | 2 518 749 | 2 518 749 | – | 2 757 486 | 3 013 438 | 3 279 730 |

Table A7 Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The Budgeted cash flow show a favorable closing balance which clearly indicate that the municipality will be able to finance the budget over the medium-term.

| LIM343 Thulamela - Table A7 Budgeted Cash Flows | | | | | | | | | | | |
|---|-----|------------------|------------------|------------------|----------------------|------------------|--------------------|-------------------|---|------------------------|------------------------|
| Description | Ref | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| R thousand | | | | | | | | | | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Property rates | | 12 908 | 14 240 | 4 411 | 58 260 | 25 000 | 25 000 | | 35 347 | 41 137 | 47 345 |
| Service charges | | 40 850 | 42 035 | 76 151 | 42 009 | 19 500 | 19 500 | | 26 375 | 29 445 | 33 889 |
| Other revenue | | 26 689 | 19 488 | 47 194 | 41 210 | 156 917 | 156 917 | | 88 617 | 93 501 | 77 032 |
| Government - operating | 1 | 361 738 | 638 672 | 401 322 | 408 323 | 393 323 | 393 323 | | 435 845 | 464 279 | 501 887 |
| Government - capital | 1 | 126 460 | – | 109 602 | 101 159 | 101 159 | 101 159 | | 114 323 | 99 383 | 105 079 |
| Interest | | 35 564 | 43 953 | 29 570 | 54 000 | 42 000 | 42 000 | | 68 000 | 71 944 | 75 901 |
| Dividends | | | | | – | | | | – | – | – |
| Payments | | | | | | | | | | | |
| Suppliers and employees | | (363 907) | (351 527) | (426 755) | (506 622) | (469 031) | (469 031) | | (496 271) | (527 533) | (551 553) |
| Finance charges | | (218) | (878) | (558) | (636) | (636) | (636) | | (660) | (696) | (735) |
| Transfers and Grants | 1 | | | | – | | | | – | – | – |
| NET CASH FROM/(USED) OPERATING ACTIVITIES | | 240 085 | 405 984 | 240 938 | 197 702 | 268 233 | 268 233 | – | 271 577 | 271 460 | 288 846 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Proceeds on disposal of PPE | | (246 787) | | | 2 000 | 2 000 | 2 000 | | 2 000 | 2 116 | 937 |
| Decrease (Increase) in non-current debtors | | | | | – | | | | (142 470) | (6 729) | (8 063) |
| Decrease (increase) other non-current receivables | | (120 228) | | | – | | | | – | – | – |
| Decrease (increase) in non-current investments | | 222 555 | | | – | | | | – | – | – |
| Payments | | | | | | | | | | | |
| Capital assets | | | (258 408) | (182 147) | (252 050) | (217 403) | (217 403) | | (199 689) | (191 340) | (197 730) |
| NET CASH FROM/(USED) INVESTING ACTIVITIES | | (144 460) | (258 408) | (182 147) | (250 050) | (215 403) | (215 403) | – | (340 159) | (195 953) | (204 855) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | | | |
| Receipts | | | | | | | | | | | |
| Short term loans | | 10 000 | | | | | | | – | – | – |
| Borrowing long term/refinancing | | (1 022) | (1 046) | | | | | | – | – | – |
| Increase (decrease) in consumer deposits | | | | | | | | | – | – | – |
| Payments | | | | | | | | | | | |
| Repayment of borrowing | | (45 000) | (28 374) | (1 868) | (1 391) | (1 391) | | | – | – | – |
| NET CASH FROM/(USED) FINANCING ACTIVITIES | | (36 022) | (29 420) | (1 868) | (1 391) | (1 391) | – | – | – | – | – |
| NET INCREASE/ (DECREASE) IN CASH HELD | | 59 603 | 118 155 | 56 922 | (53 739) | 51 439 | 52 830 | – | (68 582) | 75 508 | 83 991 |
| Cash/cash equivalents at the year begin: | 2 | 253 664 | 313 267 | 431 422 | 488 345 | 488 345 | | | 488 345 | 419 763 | 495 270 |
| Cash/cash equivalents at the year end: | 2 | 313 267 | 431 422 | 488 345 | 434 606 | 539 783 | 52 830 | – | 419 763 | 495 270 | 579 261 |

Table A8 Cash Backed Reserves/Accumulated Surplus

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded". The municipality shows the positive movement for all the years.

4. Non-compliance with section 18 of the MFMA is assumed that a shortfall would indirectly indicate that the budget is not appropriately funded.
5. From the table it can be seen that for the period 2013/2014 up to date, the cash backed reserves shows a positive movement, which proves that the municipality will be able to pay their expenses without borrowings. Considering the requirements of section 18 of the MFMA, it can be shown that municipality has funded all the projects by having the positive cash.
6. As part of the budgeting and planning guidelines that informed the compilation of the 2018/19 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

| LIM343 Thulamela - Table A8 Cash backed reserves/accumulated surplus reconciliation | | | | | | | | | | | |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| Description | Ref | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| R thousand | | | | | | | | | | | |
| <u>Cash and investments available</u> | | | | | | | | | | | |
| Cash/cash equivalents at the year end | 1 | 313 267 | 431 422 | 488 345 | 434 606 | 539 783 | – | – | 419 763 | 495 270 | 579 261 |
| Other current investments > 90 days | | 0 | – | – | (274 363) | (379 540) | 160 243 | – | – | – | – |
| Non current assets - Investments | 1 | – | – | – | – | – | – | – | – | – | – |
| Cash and investments available: | | 313 267 | 431 422 | 488 345 | 160 243 | 160 243 | 160 243 | – | 419 763 | 495 270 | 579 261 |
| <u>Application of cash and investments</u> | | | | | | | | | | | |
| Unspent conditional transfers | | 20 513 | 31 745 | 3 098 | – | – | – | – | – | – | – |
| Unspent borrowing | | – | – | – | – | – | – | – | – | – | – |
| Statutory requirements | 2 | | | | | | | | | | |
| Other working capital requirements | 3 | 27 817 | 77 973 | 43 324 | (118 630) | (239 387) | 50 000 | – | (83 232) | (88 558) | (64 308) |
| Other provisions | | | | | | | | | 5 990 | 1 042 | 1 096 |
| Long term investments committed | 4 | – | – | – | – | – | – | – | – | – | – |
| Reserves to be backed by cash/investments | 5 | | | | | | | | | | |
| Total Application of cash and investments: | | 48 330 | 109 718 | 46 422 | (118 630) | (239 387) | 50 000 | – | (77 242) | (87 516) | (63 212) |
| Surplus(shortfall) | | 264 937 | 321 704 | 441 923 | 278 873 | 399 630 | 110 243 | – | 497 005 | 582 787 | 642 473 |
| <u>References</u> | | | | | | | | | | | |
| 1. Must reconcile with Budgeted Cash Flows | | | | | | | | | | | |
| 2. For example: VAT, taxation | | | | | | | | | | | |
| 3. Council approval for policy required - include sufficient working capital (e.g. allowing for a % of current debtors > 90 days as uncollectable) | | | | | | | | | | | |
| 4. For example: sinking fund requirements for borrowing | | | | | | | | | | | |
| 5. Council approval required for each reserve created and basis of cash backing of reserves | | | | | | | | | | | |
| <u>Other working capital requirements</u> | | | | | | | | | | | |
| Debtors | | 31 113 | 20 625 | 39 514 | 168 630 | 289 387 | – | – | 173 232 | 178 558 | 154 308 |
| Creditors due | | 58 930 | 98 598 | 82 838 | 50 000 | 50 000 | 50 000 | – | 90 000 | 90 000 | 90 000 |
| Total | | (27 817) | (77 973) | (43 324) | 118 630 | 239 387 | (50 000) | – | 83 232 | 88 558 | 64 308 |
| <u>Debtors collection assumptions</u> | | | | | | | | | | | |
| Balance outstanding - debtors | | 95 741 | 41 829 | 42 465 | 398 749 | 398 749 | 398 749 | – | 246 279 | 239 550 | 231 487 |
| Estimate of debtors collection rate | | 32,5% | 49,3% | 93,0% | 42,3% | 72,6% | 0,0% | 0,0% | 70,3% | 74,5% | 66,7% |

Table A9 – Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate to repairs and maintenance at least 8 per cent of carrying amount of PPE. The repairs and maintenance are mainly done In house. Repairs and maintenance is below 8% and the municipality will be able to deal with all items that needs to be repaired or maintained in 2018/2019 financial year. . The municipality has also budgeted for master plan electricity and master plan housing of R2 Million and R2 Million respectively. This will also assist the municipality in reaching the 8% norm on budgeting repairs and maintenance of carrying amount of PPE. And most of the new asset was done last three financial year and no renewal assets for the three years

| LM343 Thulamela - Table A9 Asset Management | | | | | | | | | | | | |
|---|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|--|
| R thousand | Description | Ref | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | | 2018/19 Medium Term Revenue & Expenditure Framework | | | |
| | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 | |
| CAPITAL EXPENDITURE | | | | | | | | | | | | |
| Total New Assets | | | | | | | | | | | | |
| | Roads Infrastructure | 1 | 165 471 | 246 787 | 254 672 | 78 950 | 217 403 | 217 403 | 201 978 | 190 840 | 194 330 | |
| | Storm water Infrastructure | | 143 184 | 218 351 | 220 524 | 20 000 | 130 000 | 130 000 | 127 000 | 117 500 | 101 000 | |
| | Electrical Infrastructure | | 13 401 | 3 082 | 1 000 | 1 500 | 1 300 | 1 300 | 5 100 | 28 700 | 39 210 | |
| | Water Supply Infrastructure | | - | - | - | - | - | - | - | - | - | |
| | Sanitation Infrastructure | | - | - | - | - | - | - | - | - | - | |
| | Solid Waste Infrastructure | | - | - | - | 5 900 | 4 100 | 4 100 | 4 000 | 1 650 | 3 600 | |
| | Rail Infrastructure | | - | - | - | - | - | - | - | - | - | |
| | Coastal Infrastructure | | - | - | - | - | - | - | - | - | - | |
| | Information and Communication Infrastructure | | - | - | - | - | - | - | - | - | - | |
| | Infrastructure | | 156 585 | 221 433 | 221 524 | 27 400 | 135 400 | 135 400 | 136 210 | 147 970 | 143 810 | |
| | Community Facilities | | - | - | - | 9 000 | 8 148 | 8 148 | 13 873 | 12 900 | 12 500 | |
| | Sport and Recreation Facilities | | 3 063 | 12 519 | 29 020 | 6 800 | 39 800 | 39 800 | 32 800 | 6 500 | 13 000 | |
| | Community Assets | | 3 063 | 12 519 | 29 020 | 15 800 | 47 948 | 47 948 | 46 673 | 19 400 | 25 500 | |
| | Heritage Assets | | - | - | - | - | - | - | - | - | - | |
| | Revenue Generating | | - | - | - | - | - | - | - | - | - | |
| | Non-revenue Generating | | - | - | - | - | - | - | - | - | - | |
| | Investment properties | | - | - | - | - | - | - | - | - | - | |
| | Operational Buildings | | - | 6 927 | - | 1 900 | 3 900 | 3 900 | 9 049 | 9 500 | 20 500 | |
| | Housing | | - | - | - | - | - | - | - | - | - | |
| | Other Assets | | - | 6 927 | - | 1 900 | 3 900 | 3 900 | 9 049 | 9 500 | 20 500 | |
| | Biological or Cultivated Assets | | - | - | - | - | - | - | - | - | - | |
| | Servitudes | | - | - | - | - | - | - | - | - | - | |
| | Licences and Rights | | - | - | - | - | - | - | - | - | - | |
| | Intangible Assets | | - | - | - | 1 365 | 1 720 | 1 720 | 550 | 2 500 | - | |
| | Computer Equipment | | 1 174 | 3 942 | 1 020 | 850 | 950 | 950 | 935 | 900 | 70 | |
| | Furniture and Office Equipment | | 1 290 | 50 | 1 909 | 2 815 | 2 615 | 2 615 | 262 | 500 | 200 | |
| | Machinery and Equipment | | 3 360 | 1 916 | 1 200 | 16 520 | 13 370 | 13 370 | 4 900 | 6 170 | 350 | |
| | Transport Assets | | - | - | - | 12 300 | 11 500 | 11 500 | 3 400 | 3 900 | 3 900 | |
| | Libraries | | - | - | - | - | - | - | - | - | - | |
| | Zoo's, Marine and Non-biological Animals | | - | - | - | - | - | - | - | - | - | |
| Total Renewal of Existing Assets | | | | | | | | | | | | |
| | Roads Infrastructure | 2 | - | - | - | 173 100 | - | - | - | - | - | |
| | Storm water Infrastructure | | - | - | - | 130 400 | - | - | - | - | - | |
| | Electrical Infrastructure | | - | - | - | - | - | - | - | - | - | |
| | Water Supply Infrastructure | | - | - | - | - | - | - | - | - | - | |
| | Sanitation Infrastructure | | - | - | - | - | - | - | - | - | - | |
| | Solid Waste Infrastructure | | - | - | - | - | - | - | - | - | - | |
| | Rail Infrastructure | | - | - | - | - | - | - | - | - | - | |
| | Coastal Infrastructure | | - | - | - | - | - | - | - | - | - | |
| | Information and Communication Infrastructure | | - | - | - | - | - | - | - | - | - | |
| | Infrastructure | | - | - | - | 130 400 | - | - | - | - | - | |
| | Community Facilities | | - | - | - | 2 800 | - | - | - | - | - | |
| | Sport and Recreation Facilities | | - | - | - | 37 600 | - | - | - | - | - | |
| | Community Assets | | - | - | - | 40 400 | - | - | - | - | - | |
| | Heritage Assets | | - | - | - | - | - | - | - | - | - | |
| | Revenue Generating | | - | - | - | - | - | - | - | - | - | |
| | Non-revenue Generating | | - | - | - | - | - | - | - | - | - | |
| | Investment properties | | - | - | - | - | - | - | - | - | - | |
| | Operational Buildings | | - | - | - | 2 300 | - | - | - | - | - | |
| | Housing | | - | - | - | - | - | - | - | - | - | |
| | Other Assets | | - | - | - | 2 300 | - | - | - | - | - | |
| | Biological or Cultivated Assets | | - | - | - | - | - | - | - | - | - | |
| | Servitudes | | - | - | - | - | - | - | - | - | - | |
| | Licences and Rights | | - | - | - | - | - | - | - | - | - | |
| | Intangible Assets | | - | - | - | - | - | - | - | - | - | |
| | Computer Equipment | | - | - | - | - | - | - | - | - | - | |
| | Furniture and Office Equipment | | - | - | - | - | - | - | - | - | - | |
| | Machinery and Equipment | | - | - | - | - | - | - | - | - | - | |
| | Transport Assets | | - | - | - | - | - | - | - | - | - | |
| | Libraries | | - | - | - | - | - | - | - | - | - | |
| | Zoo's, Marine and Non-biological Animals | | - | - | - | - | - | - | - | - | - | |
| Total Capital Expenditure | | | | | | | | | | | | |
| | Roads Infrastructure | 4 | 143 184 | 218 351 | 220 524 | 150 400 | 130 000 | 130 000 | 127 000 | 117 500 | 101 000 | |
| | Storm water Infrastructure | | 13 401 | 3 082 | 1 000 | 1 500 | 1 300 | 1 300 | 5 100 | 28 700 | 39 210 | |
| | Electrical Infrastructure | | - | - | - | - | - | - | - | - | - | |
| | Water Supply Infrastructure | | - | - | - | - | - | - | - | - | - | |
| | Sanitation Infrastructure | | - | - | - | - | - | - | - | - | - | |
| | Solid Waste Infrastructure | | - | - | - | 5 900 | 4 100 | 4 100 | 4 000 | 1 650 | 3 600 | |
| | Rail Infrastructure | | - | - | - | - | - | - | - | - | - | |
| | Coastal Infrastructure | | - | - | - | - | - | - | - | - | - | |
| | Information and Communication Infrastructure | | - | - | - | - | - | - | - | - | - | |
| | Infrastructure | | 156 585 | 221 433 | 221 524 | 157 400 | 135 400 | 135 400 | 136 210 | 147 970 | 143 810 | |
| | Community Facilities | | - | - | - | 11 800 | 8 148 | 8 148 | 13 873 | 12 900 | 12 500 | |
| | Sport and Recreation Facilities | | 3 063 | 12 519 | 29 020 | 44 400 | 39 800 | 39 800 | 32 800 | 6 500 | 13 000 | |
| | Community Assets | | 3 063 | 12 519 | 29 020 | 56 200 | 47 948 | 47 948 | 46 673 | 19 400 | 25 500 | |
| | Heritage Assets | | - | - | - | - | - | - | - | - | - | |
| | Revenue Generating | | - | - | - | - | - | - | - | - | - | |
| | Non-revenue Generating | | - | - | - | - | - | - | - | - | - | |
| | Investment properties | | - | - | - | - | - | - | - | - | - | |
| | Operational Buildings | | - | 6 927 | - | 4 200 | 3 900 | 3 900 | 9 049 | 9 500 | 20 500 | |
| | Housing | | - | - | - | - | - | - | - | - | - | |
| | Other Assets | | - | 6 927 | - | 4 200 | 3 900 | 3 900 | 9 049 | 9 500 | 20 500 | |
| | Biological or Cultivated Assets | | - | - | - | - | - | - | - | - | - | |
| | Servitudes | | - | - | - | - | - | - | - | - | - | |
| | Licences and Rights | | - | - | - | - | - | - | - | - | - | |
| | Intangible Assets | | - | - | - | 1 365 | 1 720 | 1 720 | 550 | 2 500 | - | |
| | Computer Equipment | | 1 174 | 3 942 | 1 020 | 850 | 950 | 950 | 935 | 900 | 70 | |
| | Furniture and Office Equipment | | 1 290 | 50 | 1 909 | 2 815 | 2 615 | 2 615 | 262 | 500 | 200 | |
| | Machinery and Equipment | | 3 360 | 1 916 | 1 200 | 16 520 | 13 370 | 13 370 | 4 900 | 6 170 | 350 | |
| | Transport Assets | | - | - | - | 12 300 | 11 500 | 11 500 | 3 400 | 3 900 | 3 900 | |
| | Libraries | | - | - | - | - | - | - | - | - | - | |
| | Zoo's, Marine and Non-biological Animals | | - | - | - | - | - | - | - | - | - | |
| TOTAL CAPITAL EXPENDITURE - Asset class | | | | | | | | | | | | |
| | | | 165 471 | 246 787 | 254 672 | 252 050 | 217 403 | 217 403 | 201 978 | 190 840 | 194 330 | |
| ASSET REGISTER SUMMARY - PPE (WDV) | | | | | | | | | | | | |
| | Roads Infrastructure | 5 | 409 287 | - | 1 301 982 | 1 452 382 | 1 431 982 | 1 431 982 | 1 558 982 | 1 676 482 | 1 777 482 | |
| | Storm water Infrastructure | | - | - | - | - | - | - | - | - | - | |
| | Electrical Infrastructure | | - | - | 58 196 | 59 696 | 59 496 | 59 496 | 64 596 | 93 296 | 132 506 | |
| | Water Supply Infrastructure | | - | - | - | - | - | - | - | - | - | |
| | Sanitation Infrastructure | | - | - | - | - | - | - | - | - | - | |
| | Solid Waste Infrastructure | | - | - | - | 5 900 | 4 200 | 4 200 | 8 200 | 9 850 | 13 450 | |
| | Rail Infrastructure | | - | - | - | - | - | - | - | - | - | |
| | Coastal Infrastructure | | - | - | - | - | - | - | - | - | - | |
| | Information and Communication Infrastructure | | - | - | - | - | - | - | - | - | - | |
| | Infrastructure | | 409 287 | - | 1 377 367 | 1 517 979 | 1 495 679 | 1 495 679 | 1 631 889 | 1 779 859 | 1 923 609 | |
| | Community Facilities | | 100 983 | - | 334 190 | 345 990 | 342 338 | 342 338 | 356 211 | 369 111 | 381 611 | |
| | Sport and Recreation Facilities | | - | - | - | 44 400 | 39 800 | 39 800 | 72 600 | 79 100 | 92 100 | |
| | Community Assets | | 100 983 | - | 334 190 | 390 390 | 382 138 | 382 138 | 428 811 | 448 211 | 473 711 | |
| | Heritage Assets | | - | - | - | - | - | - | - | - | - | |
| | Revenue Generating | | - | - | - | - | - | - | - | - | - | |
| | Non-revenue Generating | | - | - | - | - | - | - | - | - | - | |
| | Investment properties | | - | - | - | - | - | - | - | - | - | |
| | Operational Buildings | | 739 830 | - | 86 388 | 90 588 | 90 289 | 90 289 | 99 337 | 108 837 | 129 337 | |
| | Housing | | - | - | - | - | - | - | - | - | - | |
| | Other Assets | | 739 830 | - | 86 388 | 90 588 | 90 289 | 90 289 | 99 337 | 108 837 | 129 337 | |
| | Biological or Cultivated Assets | | - | - | - | - | - | - | - | - | - | |
| | Servitudes | | - | - | - | - | - | - | - | - | - | |
| | Licences and Rights | | - | - | - | - | - | - | - | - | - | |
| | Intangible Assets | | 1 289 | - | 4 421 | 5 786 | 6 141 | 6 141 | 6 691 | 9 191 | 9 191 | |
| | Computer Equipment | | 7 289 | - | 4 221 | 5 786 | 6 141 | 6 141 | 6 691 | 9 191 | 9 191 | |
| | Furniture and Office Equipment | | - | - | - | 850 | 950 | 950 | 935 | 2 785 | 2 855 | |
| | Machinery and Equipment | | - | - | - | 2 815 | 2 615 | 2 615 | 2 677 | 3 377 | 3 577 | |
| | Transport Assets | | - | - | - | 16 520 | 13 370 | 13 370 | 18 270 | 24 440 | 24 790 | |
| | Libraries | | - | - | - | 12 300 | 11 500 | 11 500 | 14 900 | 18 800 | 22 700 | |
| | Zoo's, Marine and Non-biological Animals | | - | - | - | - | - | - | - | - | - | |
| TOTAL ASSET REGISTER SUMMARY - PPE (WDV) | | | | | | | | | | | | |
| | | 5 | 1 251 389 | - | 1 802 367 | 2 037 229 | 2 002 682 | 2 002 682 | 2 204 660 | 2 395 500 | 2 589 830 | |
| EXPENDITURE OTHER ITEMS | | | | | | | | | | | | |
| | Depreciation | 7 | 60 056 | - | 447 400 | 53 379 | 53 315 | 53 315 | 50 000 | 52 470 | 55 176 | |
| | Repairs and Maintenance by Asset Class | 3 | 16 423 | - | - | 20 362 | 21 714 | 21 714 | 28 496 | 30 064 | 31 718 | |
| | Roads Infrastructure | | 3 964 | - | - | 5 000 | 6 760 | 6 760 | 4 986 | 5 261 | 5 550 | |
| | Storm water Infrastructure | | - | - | - | - | - | - | - | - | - | |
| | Electrical Infrastructure | | - | 817 | - | 1 500 | 1 500 | 1 500 | 5 000 | 5 275 | 5 565 | |
| | Water Supply Infrastructure | | - | - | - | - | - | - | - | - | - | |
| | Sanitation Infrastructure | | - | - | - | - | - | - | - | - | - | |
| | Solid Waste Infrastructure | | - | - | - | - | - | - | - | - | - | |
| | Rail Infrastructure | | - | - | - | - | - | - | - | - | - | |
| | Coastal Infrastructure | | - | - | - | - | - | - | - | - | - | |
| | Information and Communication Infrastructure | | - | - | - | - | - | - | - | - | - | |
| | Infrastructure | | - | 4 782 | - | 6 500 | 8 260 | 8 260 | 9 986 | 10 536 | 11 151 | |
| | Community Facilities | | - | - | - | 10 | 10 | 10 | 11 | 11 | 12 | |
| | Sport and Recreation Facilities | | - | 426 | - | 562 | 592 | 592 | 623 | 657 | 693 | |
| | Community Assets | | - | 433 | - | 572 | 602 | 602 | 633 | 668 | 705 | |
| | Heritage Assets | | - | - | - | - | - | - | - | - | - | |
| | Revenue Generating | | - | - | - | - | - | - | - | - | - | |
| | Non-revenue Generating | | - | - | - | - | - | - | - | - | - | |
| | Investment properties | | - | - | - | - | - | - | - | - | - | |
| | Operational Buildings | | - | 8 363 | - | 2 600 | 2 500 | 2 500 | 6 105 | 6 441 | 6 795 | |
| | Housing | | - | - | - | - | - | - | - | - | - | |
| | Other Assets | | - | 8 363 | - | 2 600 | 2 500 | 2 500 | 6 105 | 6 441 | 6 795 | |
| | Biological or Cultivated Assets | | - | - | - | - | - | - | - | - | - | |
| | Servitudes | | - | - | - | - | - | - | - | - | - | |
| | Licences and Rights | | - | - | - | - | - | - | - | | | |

Table A10 Basic Service Delivery Measurement

| LIM343 Thulamela - Table A10 Basic service delivery measurement | | | | | | | | | | |
|--|-----|---------|---------|---------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| Description | Ref | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
| | | Outcome | Outcome | Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| Household service targets | 1 | | | | | | | | | |
| Water: | | | | | | | | | | |
| Piped water inside dwelling | | - | - | - | - | - | - | - | - | - |
| Piped water inside yard (but not in dwelling) | | - | - | - | - | - | - | - | - | - |
| Using public tap (at least min.service level) | 2 | - | - | - | - | - | - | - | - | - |
| Other water supply (at least min.service level) | 4 | - | - | - | - | - | - | - | - | - |
| <i>Minimum Service Level and Above sub-total</i> | | - | - | - | - | - | - | - | - | - |
| Using public tap (< min.service level) | 3 | - | - | - | - | - | - | - | - | - |
| Other water supply (< min.service level) | 4 | - | - | - | - | - | - | - | - | - |
| No water supply | | - | - | - | - | - | - | - | - | - |
| <i>Below Minimum Service Level sub-total</i> | | - | - | - | - | - | - | - | - | - |
| Total number of households | 5 | - | - | - | - | - | - | - | - | - |
| Sanitation/sewerage: | | | | | | | | | | |
| Flush toilet (connected to sewerage) | | - | - | - | - | - | - | - | - | - |
| Flush toilet (with septic tank) | | - | - | - | - | - | - | - | - | - |
| Chemical toilet | | - | - | - | - | - | - | - | - | - |
| Pit toilet (ventilated) | | - | - | - | - | - | - | - | - | - |
| Other toilet provisions (> min.service level) | | - | - | - | - | - | - | - | - | - |
| <i>Minimum Service Level and Above sub-total</i> | | - | - | - | - | - | - | - | - | - |
| Bucket toilet | | - | - | - | - | - | - | - | - | - |
| Other toilet provisions (< min.service level) | | - | - | - | - | - | - | - | - | - |
| No toilet provisions | | - | - | - | - | - | - | - | - | - |
| <i>Below Minimum Service Level sub-total</i> | | - | - | - | - | - | - | - | - | - |
| Total number of households | 5 | - | - | - | - | - | - | - | - | - |
| Energy: | | | | | | | | | | |
| Electricity (at least min.service level) | | - | - | - | - | - | - | 137 767 | 137 767 | 137 767 |
| Electricity - prepaid (min.service level) | | - | - | - | - | - | - | - | - | - |
| <i>Minimum Service Level and Above sub-total</i> | | - | - | - | - | - | - | 137 767 | 137 767 | 137 767 |
| Electricity (< min.service level) | | - | - | - | - | - | - | - | - | - |
| Electricity - prepaid (< min. service level) | | - | - | - | - | - | - | - | - | - |
| Other energy sources | | - | - | - | - | - | - | 85 | 85 | 85 |
| <i>Below Minimum Service Level sub-total</i> | | - | - | - | - | - | - | 85 | 85 | 85 |
| Total number of households | 5 | - | - | - | - | - | - | 137 852 | 137 852 | 137 852 |
| Refuse: | | | | | | | | | | |
| Removed at least once a week | | - | - | - | - | - | - | 54 531 | 66 531 | 72 052 |
| <i>Minimum Service Level and Above sub-total</i> | | - | - | - | - | - | - | 54 531 | 66 531 | 72 052 |
| Removed less frequently than once a week | | - | - | - | - | - | - | 58 382 | 50 000 | 47 000 |
| Using communal refuse dump | | - | - | - | - | - | - | 1 215 | 1 000 | 800 |
| Using own refuse dump | | - | - | - | - | - | - | 19 288 | 17 000 | 15 000 |
| Other rubbish disposal | | - | - | - | - | - | - | 2 625 | 1 600 | 1 400 |
| No rubbish disposal | | - | - | - | - | - | - | 1 811 | 1 721 | 1 600 |
| <i>Below Minimum Service Level sub-total</i> | | - | - | - | - | - | - | 83 321 | 71 321 | 65 800 |
| Total number of households | 5 | - | - | - | - | - | - | 137 852 | 137 852 | 137 852 |
| Households receiving Free Basic Service | 7 | | | | | | | | | |
| Water (6 kilolitres per household per month) | | - | - | - | - | - | - | - | - | - |
| Sanitation (free minimum level service) | | - | - | - | - | - | - | - | - | - |
| Electricity/other energy (50kwh per household per month) | | - | - | - | - | - | - | 8 882 | 9 270 | 10 000 |
| Refuse (removed at least once a week) | | - | - | - | - | - | - | - | - | - |
| Cost of Free Basic Services provided - Formal Settlements (R'000) | 8 | | | | | | | | | |
| Water (6 kilolitres per indigent household per month) | | - | - | - | - | - | - | - | - | - |
| Sanitation (free sanitation service to indigent households) | | - | - | - | - | - | - | - | - | - |
| Electricity/other energy (50kwh per indigent household per month) | | - | - | - | - | - | - | 5 329 | 5 784 | 6 600 |
| Refuse (removed once a week for indigent households) | | - | - | - | - | - | - | - | - | - |
| Cost of Free Basic Services provided - Informal Formal Settlements (R'000) | | - | - | - | - | - | - | - | - | - |
| Total cost of FBS provided | | - | - | - | - | - | - | 5 329 | 5 784 | 6 600 |
| Highest level of free service provided per household | | | | | | | | | | |
| Property rates (R value threshold) | | 60 000 | 60 000 | 60 000 | 60 000 | 60 000 | 60 000 | 60 000 | 60 000 | 60 000 |
| Water (kilolitres per household per month) | | - | - | - | - | - | - | - | - | - |
| Sanitation (kilolitres per household per month) | | - | - | - | - | - | - | - | - | - |
| Sanitation (Rand per household per month) | | - | - | - | - | - | - | - | - | - |
| Electricity (kwh per household per month) | | - | - | - | - | - | - | 50 | 50 | 50 |
| Refuse (average litres per week) | | 18 000 | 18 000 | 20 000 | 20 000 | 20 000 | 20 000 | 20 000 | 20 000 | 20 000 |
| Revenue cost of subsidised services provided (R'000) | 9 | | | | | | | | | |
| Property rates (tariff adjustment) (impermissable values per section 17 of MPRA) | | - | - | - | - | - | - | 2 265 | 2 265 | 2 265 |
| Property rates exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA | | - | - | - | 9 651 | 9 651 | 9 651 | 2 265 | 2 265 | 2 265 |
| Water (in excess of 6 kilolitres per indigent household per month) | | - | - | - | - | - | - | - | - | - |
| Sanitation (in excess of free sanitation service to indigent households) | | - | - | - | - | - | - | - | - | - |
| Electricity/other energy (in excess of 50 kwh per indigent household per month) | | - | - | - | - | - | - | - | - | - |
| Refuse (in excess of one removal a week for indigent households) | | - | - | - | 5 964 | 5 964 | 5 964 | 6 560 | 6 560 | 7 216 |
| Municipal Housing - rental rebates | | - | - | - | - | - | - | - | - | - |
| Housing - top structure subsidies | | - | - | - | - | - | - | - | - | - |
| Other | | 18 774 | 18 774 | 29 000 | 29 000 | 29 000 | 29 000 | - | - | - |
| Total revenue cost of subsidised services provided | 6 | 18 774 | 18 774 | 29 000 | 44 614 | 44 614 | 44 614 | 11 090 | 11 090 | 11 746 |

The above table proves an overview of service delivery levels for each main Service.

The municipality has cost of free basic service from R28. Million in 2017/2018 to R12,4 Million in 2018/2019 for indigents. The indigent budget include free basic electricity for all indigents who use grids and non-grids electricity.

Water and sanitation within Thulamela Municipality are provided for by Vhembe District Municipality

PART 2 – SUPPORTING DOCUMENTATION

2.1 Overview of the Annual Budget Process

The budget process plan was prepared and tabled to council on the 31 August 2017 as required. The budget instructions were issued to head of departments in October 2017 for submission of the budget proposals to the Chief Financial Officer for consolidation. The IDP and budget public participation were held during April 2018 in all wards.

➤ Political oversight of the budget process

The link between priorities and spending plans lies in enhancing political oversight of the budget process. Section 53(1) (a) of the MFMA states that the Mayor of a municipality must provide political guidance over the budget process and priorities that must guide the preparation of the budget. This is essential to ensure that:

- The political Executive is responsible for policy prioritization
- Policy priorities are linked to department spending plans and the delivery of quality services.

Political oversight of the budget process allows municipality to manage the tension between competing policy priorities and fiscal realities. The key to strengthen the linkage between priorities and departmental plans lies in enhancing political oversight of the IDP and budget process.

The Executive committee and extensive community consultation process play a leading role in guiding the alignment of resource allocation with national, provincial and local priorities.

The municipality sets out measurable performance objectives to link the financial inputs of the budget to service delivery on the ground. This is done in the form of quarterly service targets and monthly financial targets that are contained in the Service Delivery and Budget Implementation Plan (SDBIP). The plan must be agreed by the Mayor within 28 days of approval of the final budget and forms the basis for the Municipality's in year monitoring.

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget.

In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and Heads of departments of the municipality meeting under the chairpersonship of the Councillor responsible for Finance matters Cllr *Vacant*

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- That the various spending priorities of the different municipal departments are properly evaluated and prioritized in the allocation of resources.

➤ **Schedule of Key deadlines relating to the budget process MFMA s 21(1)(b)**

The budget time schedule for the compilation of the draft 2015/2016 MTREF was approved by Council prior 31 August 2017

➤ **Process of tabling and approval of the draft**

Tabling to Council of draft 2018/2019 MTREF for community consultation process was done on 27 March 2018

➤ **Consultation with stakeholders and outcomes**

The draft 2018/2019 MTREF had been tabled before council on 27 March 2018 for community consultation and was made available on municipality's website and hard copies was made available at various Tribal Council offices.

All documents in the appropriate format (Electronic & Printed) were provided to Provincial Treasury in accordance with the MFMA, to give opportunity for their inputs.

Community consultation process took place during April 2018

After consideration of all budget submission the Mayor was given opportunity to respond, if necessary revise the budget and table amendments for consideration.

➤ **Stakeholders involved in consultations**

The stakeholders involved are organized businesses, churches, non-governmental institutions, community-based organizations and individual members of the public.

The budget was submitted to Provincial treasury, National treasury and COGSTA on 01 April 2018 for their consideration, in line with section 23 of the MFMA. Budget inputs from the Provincial Treasury were discussed on 23 May 2018 and have been considered

2.2 Overview of alignment of annual budget with IDP

Municipalities are required to develop five year Integrated Development Plans which must be reviewed annually. It is also required that such plans must find expression in the Budget. The IDP and the budget are interrelated documents. The programs and Projects that have been reflected in the Integrated Development Plan have been budgeted for. The positions reflected in the Organizational structure will all be filled in the budget year 2018/2019. The IDP is the budget in words, just as the budget is the IDP in figures. The Draft budget has been aligned with IDP. The budget has been aligned to the IDP as detailed on table SA4 to SA6

| LIM343 Thulamela - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue) | | | | | | | | | | | | | |
|---|--|-----------|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|---------|
| Strategic Objective | Goal | Goal Code | Ref | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | | 2018/19 Medium Term Revenue & Expenditure Framework | | | |
| | | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 | |
| R thousand | | | | | | | | | | | | | |
| Promote public participation and accountability to the community | To assist management in improving the effectiveness of risk management, corporate governance and internal control all the times in order for municipality to achieve clean Audit. To ensure 100% participation of communities in all municipal programmes. To have clean audit | | | 338 679 | 493 056 | 415 288 | 364 260 | 364 080 | 364 080 | 318 119 | 360 595 | 395 242 | |
| Ensure compliance with policies, Act and regulations | 100% compliance with the MFMA and the Municipal Budget and Reporting Regulation (MBRR) annually. To collection 40% of own revenue to ensure financial viability | | | 41 726 | 98 758 | 197 736 | 335 366 | 204 804 | 204 804 | 131 345 | 140 768 | 146 806 | |
| Promote healthy and clean environment | To protect the environment and to clean our streets and public places regularly. To | | | 70 801 | 72 863 | 89 763 | 32 190 | 100 163 | 100 163 | 117 860 | 122 228 | 101 656 | |
| Economic growth and development that lead to job creation | To halve unemployment and poverty a year before 2030 | | | 146 543 | 7 594 | 9 773 | 8 511 | 16 358 | 16 358 | 19 035 | 20 082 | 26 870 | |
| Promote basic quality services and infrastructure | Building of new access roads and timeously maintaining of existing roads | | | 176 200 | 127 386 | 112 588 | 103 612 | 103 612 | 103 612 | 115 219 | 94 801 | 98 479 | |
| Promote basic quality services and infrastructure | To ensure everyone has access to electricity and eradicate informal settlement | | | 12 286 | 4 524 | 12 130 | 40 000 | 25 000 | 25 000 | – | – | – | |
| Allocations to other priorities | | | | 2 | | | | | | | | | |
| Total Revenue (excluding capital transfers and contributions) | | | | 1 | 786 236 | 804 181 | 837 279 | 883 939 | 814 017 | 814 017 | 701 578 | 738 474 | 769 054 |

| LIM343 Thulamela - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure) | | | | | | | | | | | | | |
|---|--|-----------|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|---------|
| Strategic Objective | Goal | Goal Code | Ref | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | | 2018/19 Medium Term Revenue & Expenditure Framework | | | |
| | | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 | |
| R thousand | | | | | | | | | | | | | |
| Promote public participation and accountability to the community | To assist management in improving the effectiveness of risk management, corporate | | | 228 923 | 151 388 | 110 219 | 177 415 | 179 786 | 179 786 | 173 660 | 177 167 | 186 724 | |
| Ensure compliance with policies, Act and regulations | 100% compliance with the MFMA and the Municipal Budget and Reporting | | | 131 020 | 89 109 | 110 917 | 101 225 | 98 615 | 98 615 | 101 248 | 106 413 | 112 345 | |
| Promote healthy and clean environment | To protect the environment and to clean our streets and public places continuously. To | | | 113 675 | 111 878 | 124 242 | 126 820 | 117 284 | 117 284 | 115 926 | 121 040 | 127 337 | |
| Economic growth and development that lead to job creation | To halve unemployment and poverty a year before 2030 | | | 17 822 | 21 246 | 22 191 | 50 980 | 47 679 | 47 679 | 45 585 | 53 461 | 54 326 | |
| Promote basic quality services and infrastructure | Building of new access roads and timeously maintaining of existing roads | | | 100 573 | 484 432 | 109 779 | 95 235 | 90 221 | 90 221 | 88 246 | 92 936 | 98 166 | |
| Promote basic quality services and infrastructure | To ensure everyone has access to electricity and eradicate informal settlement | | | 33 844 | 58 995 | 86 011 | 80 214 | 63 027 | 63 027 | 89 257 | 95 500 | 97 506 | |
| Allocations to other priorities | | | | | | | | | | | | | |
| Total Expenditure | | | | 1 | 625 857 | 917 047 | 563 359 | 631 889 | 596 614 | 596 614 | 613 922 | 646 517 | 676 403 |

| LIM343 Thulamela - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure) | | | | | | | | | | | | | |
|---|--|-----------|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|---------|
| Strategic Objective | Goal | Goal Code | Ref | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | | 2018/19 Medium Term Revenue & Expenditure Framework | | | |
| | | | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 | |
| R thousand | | | | | | | | | | | | | |
| Promote public participation and accountability to the community | To assist management in improving the effectiveness of risk management, corporate | A | | | | | 180 | 120 | 120 | - | 150 | 3,400 | |
| Ensure compliance with policies, Act and regulations | 100% compliance with the MFMA and the Municipal Budget and Reporting | B | | 4,020 | 4,382 | 2,390 | 6,550 | 6,265 | 6,265 | 2,046 | 5,600 | - | |
| Promote healthy and clean environment | To protect the environment and to clean our streets and public places continuously .To | C | | 16,711 | 5,077 | 11 | 64,300 | 56,050 | 56,050 | 41,990 | 13,620 | 23,450 | |
| Economic growth and development that lead to job creation | To halve unemployment and poverty a year before 2030 | D | | 787 | - | 2,100 | 9,000 | 8,148 | 8,148 | 11,523 | 9,000 | 9,000 | |
| Promote basic quality services and infrastructure | Building of new access roads and timeously maintaining of existing roads | E | | 211,461 | 252,800 | 168,146 | 160,400 | 137,700 | 137,700 | 131,200 | 121,700 | 101,000 | |
| Promote basic quality services and infrastructure | To ensure everyone has access to electricity and eradicate informal settlement | F | | 13,809 | - | 9,500 | 11,620 | 9,120 | 9,120 | 15,220 | 41,270 | 60,880 | |
| Allocations to other priorities | | | | 3 | | | | | | | | | |
| Total Capital Expenditure | | | | 1 | 246,787 | 262,259 | 182,147 | 252,050 | 217,403 | 217,403 | 201,978 | 191,340 | 197,730 |

References

1. Total capital expenditure must reconcile to Budgeted Capital Expenditure
2. Goal code must be used on Table SA36
3. Balance of allocations not directly linked to an IDP strategic objective

check capital balance

- - 0 - - - - -

Public Participation

One of the main features about the integrated development planning process is the involvement of community and stakeholder organizations in the process.

Public participation meetings are held in terms of Municipal Systems Act, Act 32 of 2000 section 16 and Municipal Finance Management Act, Act 56 of 2003 sections 22 and 23. Both the draft IDP and budget were made public and also presented to IDP Representative Forum as scheduled.

Participation of the affected and interested parties ensures that the IDP addresses the real issues that are experienced by the citizens of the municipality.

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed and implemented a performance management system is constantly refined as the integrated planning process unfolds. The Municipal targets, monitors, assess, and reviews organizational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple year is being considered; plans and budget for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during *the last stage*, the performance information process begins when policies are being developed, and continues through each of the planning, budget, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

Planning, budgeting and reporting cycle

The performance of Thulamela municipality relates directly to the extent to which it has achieved success in realizing its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);

- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators and success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the municipality in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:

2.3.1. Performance indicators and benchmarks

2.3.1.1. Borrowing Management

Capital expenditure in local government can be funded by capital grants, own- source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its credit worthiness and financial position. The following financial performance indicators have formed part of the compilation of the 2018/2019 MTREF:

- Borrowing to asset ratio is a measure of long-term borrowing as a percentage of total asset base of municipal.
- Borrowing funding of own expenditure measure the degree to which own capital expenditure (excluding grants and contribution) has been founded by way of borrowing.

2.3.1.2 Safety of Capital

- The debt-to-equity ratio is a financial ratio indicating the relative proportion of equity and debt used in financing the municipal's assets.

- The gearing ratio is a measure of total long term borrowing over funds and reserves.

2.3.1.3 Liquidity

- Current ratio is a measure of the current assets divided by the current liabilities
- The liquidity ratio is a measure of ability of municipal to utilized cash and cash equivalent to extinguish or retire its current liabilities immediately.

2.3.1.4 Revenue Management

As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash flow.

2.3.2 Free Basic Services: basic social services package for indigent household

The social package assists households that have difficulty paying for service and registered as indigent household in terms of the Indigent Policy of Thulamela municipality.

The key financial indicators and ratios are disclosed in Supporting Table SA8: Performance indicators and benchmarks. Thulamela municipality is anticipating a 50% collection rate in 2018/2019 financial year.

| LIM343 Thulamela - Supporting Table SA7 Measureable performance objectives | | | | | | | | | | |
|--|---------------------------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| Description | Unit of measurement | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| GOVERNANCE AND ADMIN | | | | | | | | | | |
| Finance and admin | | | | | | | | | | |
| Finance | | | | | | | | | | |
| To ensure compliance with MFMA, policies, | Monthly , quarterly , mid | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% |
| Corporate | | | | | | | | | | |
| To improve organizational performance by | SDBIP quarterly reports | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% |
| | | | | | | | | | | |
| | | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% |
| Executive and Council | | | | | | | | | | |
| Public participation | | | | | | | | | | |
| To ensure maximum participation by locals | Number of Imbizos , | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% |
| Special programmes | | | | | | | | | | |
| To ensure focus and empowerment of the | Number of meetings and | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% |
| Risk and Internal audit | | | | | | | | | | |
| To provide effective risk and audit management | Quarterly risk | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% |
| COMMUNITY AND PUBLIC SAFETY | | | | | | | | | | |
| Waste Management | | | | | | | | | | |
| Refuse removal | | | | | | | | | | |
| Provision of clean and healthy environment | No. of households | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% |
| Landfill | | | | | | | | | | |
| Provision of clean and healthy environment | Maintenance of landfill | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% |
| Sub-function 3 - (name) | | | | | | | | | | |
| Insert measure/s description | | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% |
| Public safety | | | | | | | | | | |
| Law enforcement | | | | | | | | | | |
| To ensure traffic safety and law enforcement | Summons reports | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% |
| Licensing | | | | | | | | | | |
| To render registration and licensing services | Licensing report | 90,0% | 90,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% |
| Sub-function 3 - (name) | | | | | | | | | | |
| Insert measure/s description | | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% |
| ECONOMIC AND ENVIRONMENTAL | | | | | | | | | | |
| Planning and development | | | | | | | | | | |
| Spatial planning | | | | | | | | | | |
| To ensure intergration in rural, urban | Reviewed SDF and | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% |
| Local economic development | | | | | | | | | | |
| To market the potential in Agric, tourism and | Show ,Indaba and | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% |
| IDP | | | | | | | | | | |
| To provide appropriate environment to become | Approved credit IDP | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% |
| Roads | | | | | | | | | | |
| Roads storm water | | | | | | | | | | |
| To provide infrastructure and sustainable basic | No of streets and km | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% |
| | No of km tarred | | | | | | | | | |
| Insert measure/s description | | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% |
| Sub-function 3 - (name) | | | | | | | | | | |
| Insert measure/s description | | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% |
| And so on for the rest of the Votes | | | | | | | | | | |

LIM343 Thulamela - Supporting Table SA8 Performance indicators and benchmarks

| Description of financial indicator | Basis of calculation | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
|--|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| Borrowing Management | | | | | | | | | | | |
| Credit Rating | | | | | | | | | | | |
| Capital Charges to Operating Expenditure | Interest & Principal Paid /Operating Expenditure | 7,6% | 3,2% | 0,4% | 0,3% | 0,3% | 0,1% | 0,0% | 0,1% | 0,1% | 0,1% |
| Capital Charges to Own Revenue | Finance charges & Repayment of borrowing /Own Revenue | 17,9% | 16,5% | 1,5% | 0,5% | 0,6% | 0,2% | 0,0% | 0,2% | 0,3% | 0,3% |
| Borrowed funding of 'own' capital expenditure | Borrowing/Capital expenditure excl. transfers and grants and contributions | 12,4% | -11,1% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% |
| Safety of Capital | | | | | | | | | | | |
| Gearing | Long Term Borrowing/ Funds & Reserves | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% | 0,0% |
| Liquidity | | | | | | | | | | | |
| Current Ratio | Current assets/current liabilities | 4,3 | 3,9 | 5,1 | 11,6 | 11,6 | 11,6 | – | 7,9 | 8,6 | 9,4 |
| Current Ratio adjusted for aged debtors | Current assets less debtors > 90 days/current liabilities | 4,3 | 3,9 | – | – | – | – | – | – | – | – |
| Liquidity Ratio | Monetary Assets/Current Liabilities | 2,9 | 3,3 | 4,5 | 3,1 | 3,1 | 3,1 | – | 4,6 | 5,4 | 6,3 |
| Revenue Management | | | | | | | | | | | |
| Annual Debtors Collection Rate (Payment Level %) | Last 12 Mths Receipts/Last 12 Mths Billing | | -74,9% | 57,8% | 92,2% | 64,5% | 45,3% | 0,0% | 0,0% | -68,4% | 52,1% |
| Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue) | | 60,6% | 57,8% | 92,2% | 64,5% | 45,3% | 0,0% | 0,0% | 52,3% | 57,6% | 63,1% |
| Outstanding Debtors to Revenue | Total Outstanding Debtors to Annual Revenue | 15,8% | 6,2% | 7,2% | 50,9% | 55,9% | 55,9% | 0,0% | 35,1% | 32,4% | 30,1% |
| Longstanding Debtors Recovered | Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old | | | | | | | | | | |
| Creditors Management | | | | | | | | | | | |
| Creditors System Efficiency | % of Creditors Paid Within Terms (within MFMA' s 65(e)) | | | | | | | | | | |
| Creditors to Cash and Investments | | 18,8% | 22,9% | 17,0% | 11,5% | 9,3% | 0,0% | 0,0% | 21,4% | 18,2% | 15,5% |
| Other Indicators | | | | | | | | | | | |
| Electricity Distribution Losses (2) | Total Volume Losses (kW) | | | | | | | | | | |
| | Total Cost of Losses (Rand '000) | | | | | | | | | | |
| | % Volume (units purchased and generated less units sold)/units purchased and generated | | | | | | | | | | |
| Water Distribution Losses (2) | Total Volume Losses (kℓ) | | | | | | | | | | |
| | Total Cost of Losses (Rand '000) | | | | | | | | | | |
| | % Volume (units purchased and generated less units sold)/units purchased and generated | | | | | | | | | | |
| Employee costs | Employee costs/(Total Revenue - capital revenue) | 31,5% | 29,7% | 38,7% | 34,0% | 33,3% | 33,3% | 0,0% | 38,3% | 38,5% | 38,9% |
| Remuneration | Total remuneration/(Total Revenue - capital revenue) | 31,8% | 31,9% | 38,7% | 37,6% | 37,5% | 37,5% | | 42,8% | 42,8% | 43,5% |
| Repairs & Maintenance | R&M/(Total Revenue excluding capital revenue) | 0,0% | 2,4% | 0,0% | 2,6% | 3,0% | 3,0% | | 4,1% | 4,1% | 4,1% |
| Finance charges & Depreciation | FC&D/(Total Revenue - capital revenue) | 10,3% | 66,0% | 8,0% | 6,9% | 7,6% | 7,6% | 0,0% | 7,2% | 7,2% | 7,3% |
| IDP regulation financial viability indicators | | | | | | | | | | | |
| i. Debt coverage | (Total Operating Revenue - Operating Grants)/Debt service payments due within financial year | 3,7 | 5,7 | 3,0 | 8,6 | 8,6 | 8,6 | – | 3,7 | 3,6 | 3,5 |
| ii.O/S Service Debtors to Revenue | Total outstanding service debtors/annual revenue received for services | 107,5% | 42,8% | 48,2% | 255,0% | 400,1% | 400,1% | 0,0% | 203,3% | 190,6% | 175,2% |
| iii. Cost coverage | (Available cash + Investments)/monthly fixed operational expenditure | 9,2 | 15,1 | 14,3 | 11,4 | 15,4 | – | – | 11,2 | 12,6 | 14,0 |
| References | | | | | | | | | | | |
| 1. Consumer debtors > 12 months old are excluded from current assets | | | | | | | | | | | |
| 2. Only include if services provided by the municipality | | | | | | | | | | | |
| Calculation data | | | | | | | | | | | |
| Debtors > 90 days | | | | 343,69 | 365,68 | 365,68 | 365,68 | 365,68 | 389,45 | 414,77 | 439,660 |
| Monthly fixed operational expenditure | | 33 872 | 28 649 | 34 213 | 38 131 | 34 979 | 35 094 | – | 37 485 | 39 422 | 41 386 |
| Fixed operational expenditure % assumption | | 40,0% | 40,0% | 40,0% | 40,0% | 40,0% | 40,0% | 40,0% | 40,0% | 40,0% | 40,0% |
| Own capex | | 72 522 | 9 459 | 72 545 | 150 891 | 116 244 | 116 244 | – | 87 655 | 91 957 | 92 651 |
| Borrowing | | 8 978 | (1 046) | – | – | – | – | – | – | – | – |

2.4 Overview of the budget-related policies

The following are the budget related policy detailed in Annexure D

- 2.4.1 Property Rates policy
 - 2.4.2 Budget policy
 - 2.4.3 Virement policy
 - 2.4.4 Tariff policy
 - 2.4.5 Indigent policy
 - 2.4.6 Credit control and debt collection policy
 - 2.4.7 Baking and investment policy
 - 2.4.8 Fixed assets policy
 - 2.4.9 Inventory policy
 - 2.4.10 Supply chain management Policy
 - 2.4.11 Expenditure procedure Manual
 - 2.4.12 Revenue enhancement strategy and implementation plan,
- However the following policies are not currently available and will be developed in future: **Funding reserve policy and Consequences policy**
Borrowing policy will be developed as and when needed, so far we don't have any plan to do any borrowing.

2.5 Overview of budget Assumptions

- The budget for 2018/2019 was done in terms of MFMA and municipal budget reporting regulation and treasury circulars e.g. circular 81 and 91
- Budget was prepared in an environment of uncertainty and assumptions that to be made about internal and external factors that could impact on the budget during the course of the financial year.
- We have also looked at the following factors
 - (a) Economic climate
 - (b) Poverty levels
 - (c) Inflation
 - (d) Service delivery cost increases
 - (e) Increase of staff costs and demands

The inflation rate forecasts as per MFMA circular no.91 issued by National Treasury has been used on the MTERF. The maximum of 5.3% growth rate was used on the tariffs and 7, 1% on salaries. However some tariffs are based on cost recovery. The method used on Capital Budget is zero based budgeting.

Revenue

- The municipality is anticipating to collect 50 % of on all billed Revenue. This means the 60% has been budgeted as provision for bad debts.

- The 2018/2019 Property rate and service charges are also subjected to a 5.3% Tariff increase rate.
- Interest earned –external investment will increase by R10 million for the 2017/2018 to 2018/2019 period escalating from R40 million to R50 Million. We don't have any particular fixed deposit accounts, so interest is earned from call and primary bank accounts.

Expenditure

- Annual increase of 5.2% has been used in line with Circular 91. The overall salary expenses has increased by 7.1% pending the finalisation of wages negotiations.
- Contracted services has decreased since the municipality is committed in reducing
- An amount R 70 million will be provided as doubtful debts due to non-payment of our debtors on the billed services. The expected collection rate for 2018/2019 financial year is 70% and 70% of billed revenue will be provided for as bad debts.
- Depreciation has been provided based on the 2016/2017 asset register and also in line with GRAP
- Depreciation for 2018/2019 budgeted based on the actual Audited depreciation 2016/2017 Financial year, we were over budgeted our depreciation that is the major reason depreciation decreased to be realistic.
- The amount also include an estimated amount of Impairment loss of which has been based on the prior year's trend.

2.6 Overview of budget funding and funding reserve policy

Section 18(1) of the MFMA states that an annual budget may only be funded from:

- Realistically anticipated revenues to be collected;
- Cash backed accumulated funds from previous years' surpluses not committed for other purposes; and
- Borrowed funds, but only for the capital budget referred to in section 17.
- Thulamela municipality does not have any borrowing policy as we don't have any loan, we will develop the policy as and when the need arise.

The budget is funded by the following sources:

- Rates, tariffs and other charges
- Grant allocations

Funding and Reserve policy– currently we don't have the policy and will develop the policy in future.

Achievement of this requirement in totality effectively means that a Council has 'balanced' its budget by ensuring that budgeted outflows will be offset by a combination of planned inflows. Refer Table A8: Cash backed reserves/accumulated surplus reconciliation' and Supporting Table SA10: Funding measurement.

2.7 Expenditure on allocations and grant programmes

Expenditure for each grant for the MTREF period is in Table SA18, Table SA19 and Table SA20

- IEP grant is an operation grant as the municipality does not have a license to provide electricity. The grant is used to electrify villages in the municipality wherein after completion the infrastructure is handed to Eskom

| LIM343 Thulamela - Supporting Table SA18 Transfers and grant receipts | | | | | | | | | | |
|---|------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| Description | Ref | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| R thousand | | | | | | | | | | |
| RECEIPTS: | 1, 2 | | | | | | | | | |
| Operating Transfers and Grants | | | | | | | | | | |
| National Government: | | 340 067 | 444 620 | - | 408 323 | 393 323 | 393 323 | 435 845 | 464 279 | 501 887 |
| Local Government Equitable Share | | 338 467 | 443 020 | | 361 798 | 361 798 | 361 798 | 391 032 | 432 979 | 470 957 |
| Finance Management | | 1 600 | 1 600 | | 1 700 | 1 700 | 1 700 | 1 788 | 1 700 | 1 700 |
| Municipal Systems Improvement | | | | | | | | - | 2 000 | 500 |
| Integrated National Electrification Programme | | | | | 40 000 | 25 000 | 25 000 | 35 000 | 25 600 | 25 600 |
| Energy Efficiency and Demand Management | | | | | | | | | | |
| EPWP Incentive | | | | | 2 543 | 2 543 | 2 543 | 6 225 | - | - |
| Infrastructure Skills Development Grant | | | | | | | | 1 800 | 2 000 | 3 130 |
| MUNICIPAL DEMARCATION TRANSITION | | | | | 2 282 | 2 282 | 2 282 | | | |
| Provincial Government: | | - | - | - | 101 159 | - | - | - | - | - |
| | | | | | 101 159 | | | | | |
| District Municipality: | | - | - | - | - | - | - | - | - | - |
| <i>[insert description]</i> | | | | | | | | | | |
| Other grant providers: | | - | - | - | - | - | - | - | - | - |
| <i>[insert description]</i> | | | | | | | | | | |
| Total Operating Transfers and Grants | 5 | 340 067 | 444 620 | - | 509 482 | 393 323 | 393 323 | 435 845 | 464 279 | 501 887 |
| Capital Transfers and Grants | | | | | | | | | | |
| National Government: | | - | - | - | - | 101 159 | 101 159 | 114 323 | 99 383 | 105 079 |
| Municipal Infrastructure Grant (MIG) | | | | | | 101 159 | 101 159 | 114 323 | 99 383 | 105 079 |
| Other capital transfers/grants <i>[insert desc]</i> | | | | | | | | | | |
| Provincial Government: | | - | - | - | - | - | - | - | - | - |
| Other capital transfers/grants <i>[insert description]</i> | | | | | | | | | | |
| District Municipality: | | - | - | - | - | - | - | - | - | - |
| <i>[insert description]</i> | | | | | | | | | | |
| Other grant providers: | | - | - | - | - | - | - | - | - | - |
| <i>[insert description]</i> | | | | | | | | | | |
| Total Capital Transfers and Grants | 5 | - | - | - | - | 101 159 | 101 159 | 114 323 | 99 383 | 105 079 |
| TOTAL RECEIPTS OF TRANSFERS & GRANTS | | 340 067 | 444 620 | - | 509 482 | 494 482 | 494 482 | 550 168 | 563 662 | 606 966 |

| LIM343 Thulamela - Supporting Table SA19 Expenditure on transfers and grant programme | | | | | | | | | | |
|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| Description | Ref | 2014/15 | 2015/16 | 2016/17 | Current Year 2017/18 | | | 2018/19 Medium Term Revenue & Expenditure Framework | | |
| | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2018/19 | Budget Year +1 2019/20 | Budget Year +2 2020/21 |
| R thousand | | | | | | | | | | |
| EXPENDITURE: | 1 | | | | | | | | | |
| Operating expenditure of Transfers and Grants | | | | | | | | | | |
| National Government: | | 300 090 | 346 104 | 513 486 | 408 323 | 393 323 | 393 323 | 435 845 | 464 279 | 501 887 |
| Local Government Equitable Share | | 290 472 | 338 467 | 443 020 | 361 798 | 361 798 | 361 798 | 391 032 | 432 979 | 470 957 |
| Finance Management | | 1 550 | 1 600 | 1 600 | 1 700 | 1 700 | 1 700 | 1 788 | 1 700 | 1 700 |
| Municipal Systems Improvement | | 890 | 934 | 930 | | | | – | 2 000 | 500 |
| Integrated National Electrification Programme | | | | 60 000 | 40 000 | 25 000 | 25 000 | 35 000 | 25 600 | 25 600 |
| Energy Efficiency and Demand Management | | 5 443 | 3 366 | 5 634 | | | | | | |
| EPWP Incentive | | 1 735 | 1 737 | 2 302 | 2 543 | 2 543 | 2 543 | 6 225 | – | – |
| Infrastructure Skills Development Grant | | | | | | | | 1 800 | 2 000 | 3 130 |
| MUNICIPAL DEMARCATION TRANSITION | | | | | 2 282 | 2 282 | 2 282 | | | |
| Provincial Government: | | – | – | – | – | – | – | – | – | – |
| | | | | | | | | | | |
| 0 | | | | | | | | | | |
| District Municipality: | | – | – | – | – | – | – | – | – | – |
| (insert description) | | | | | | | | | | |
| Other grant providers: | | – | – | – | – | – | – | – | – | – |
| (insert description) | | | | | | | | | | |
| Total operating expenditure of Transfers and Grants | | 300 090 | 346 104 | 513 486 | 408 323 | 393 323 | 393 323 | 435 845 | 464 279 | 501 887 |
| Capital expenditure of Transfers and Grants | | | | | | | | | | |
| National Government: | | 146 051 | 174 265 | 152 699 | 101 159 | 101 159 | 101 159 | 114 323 | 99 383 | 105 079 |
| Municipal Infrastructure Grant (MIG) | | 103 299 | 159 265 | 152 699 | 101 159 | 101 159 | 101 159 | 114 323 | 99 383 | 105 079 |
| Neighbourhood Development Partnership | | 22 752 | 15 000 | | | | | | | |
| Desaster Relief Grant | | 20 000 | | | | | | | | |
| Provincial Government: | | – | – | – | – | – | – | – | – | – |
| Other capital transfers/grants (insert description) | | | | | | | | | | |
| District Municipality: | | – | – | – | – | – | – | – | – | – |
| (insert description) | | | | | | | | | | |
| Other grant providers: | | – | – | – | – | – | – | – | – | – |
| (insert description) | | | | | | | | | | |
| Total capital expenditure of Transfers and Grants | | 146 051 | 174 265 | 152 699 | 101 159 | 101 159 | 101 159 | 114 323 | 99 383 | 105 079 |
| TOTAL EXPENDITURE OF TRANSFERS AND GRANTS | | 446 140 | 520 369 | 666 185 | 509 482 | 494 482 | 494 482 | 550 168 | 563 662 | 606 966 |

2.8 Allocation and grants made by municipality and entities

- The municipality does not have any entities and no grant allocated to any as such.

2.9 Councilor allowances and employees benefits

- The councilor allowances have been prepared in line with SALGA Gazette, while Salaries and Wages increased by 7.1% while waiting for the Bargaining Council to furnish us with the percentage increase as per circular 91. They are shown in table SA22 and SA23.

2.10 Monthly targets for revenue, expenditure and cash flows

Disclosure on monthly targets for revenue, expenditure and cash flow is made in the following MTREF tables:

- (A) TABLE SA25 - Budgeted monthly revenue and expenditure
- (B) TABLE SA26 - Budgeted monthly revenue and expenditure (municipal vote)
- (C) TABLE SA27 - Budgeted monthly revenue and expenditure (standard classification)
- (D) TABLE SA28 - Budgeted monthly capital expenditure (municipal vote)
- (E) TABLE SA29 - Budgeted monthly capital expenditure (standard classification)
- (F) TABLE SA30 - Budgeted monthly cash flow

2.11 Annual budgets and services delivery and budget implementation plans – internal departments

- In terms of section 53(1)(c)(ii) of the MFMA the Service Delivery and Budget Implementation Plan must be approved by the Mayor within 28 days after the final approval of the budget. The monthly and quarterly service delivery targets and performance indicators will be revised to correspond with the 2018/2019 budget. The draft SDBIP is attached as an Annexure to the budget.

2.12 Annual budget and Service Delivery Agreements-Municipal entities and other external mechanisms

- The list of external mechanism are detailed on Supporting MTREF Table SA32

2.13 Contracts having future budgetary implications

- In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.
- The list contracts having future budgetary implications are detailed on Supporting
- MTREF Table SA32

2.14 Capital Expenditure Details

Capital Details are shown in the following MTREF Tables:

- TABLE SA 34a – Capital expenditure on new assets by assets class
- TABLE SA 34b and 34e – Capital Expenditure on the renewal of existing assets by assets class
- For this three year we don't intend to upgrade or renew any existing assets.
- TABLE SA 34c – Repairs and maintenance expenditure by assets class
- TABLE SA 34d - Depreciation by assets classification
- TABLE SA 35 – Future financial implications of the capital budget
- TABLE SA 36 – Detailed capital budget per municipal vote
- TABLE SA 37– Projects delayed from previous financial year

2.15 Legislation Compliance Status

The following explains the budgeting process in terms of the requirements in the MFMA. It is based on National Treasury's guide to the MFMA. The budget has been done in compliance with the process detailed below

The budget preparation process

- The Mayor must lead the budget preparation process through a coordinated cycle of events that commences at least ten months prior to the start of each financial year.

Overview

- The MFMA requires a Council to adopt three-year capital and operating budgets that take into account, and are linked to, the municipality's current and future development priorities and other finance-related policies (such as those relating to free basic service provision).
- These budgets must clearly set out revenue by source and expenditure by vote over three years and must be accompanied by performance objectives for revenue and expenditure, a cash flow statement and any particulars on borrowings, investments, municipal entities, service delivery agreements, grant allocations and details of employment costs.
- The budget may be funded only from reasonable estimates of revenue and cash-backed surplus funds from the previous year.

Budget preparation timetable

- A schedule of key deadlines was prepared for tabling in Council by the Mayor prior to the end of August as required.

Budget preparation and review of IDP and policy

- The Mayor has co-ordinated the budget preparation process and the review of Council's IDP and budget-related policy, with the assistance of the municipal manager.
- The Mayor has also ensured that the IDP review forms an integral part of the budget process and that any changes to strategic priorities as contained in the IDP document have realistic projections of revenue and expenditure. In developing the budget, the management has taken into account national and provincial budgets, the national fiscal and macro-economic policy and other relevant agreements or Acts of Parliament.

Tabling of the Annual budget

- The initial Annual budget was be tabled by the Mayor before Council on the 27 March 2018.

Publication of the Annual budget

- Once Annual budget was tabled the municipality sent both hardcopy and electronic copy of budget document and submit it to National and provincial treasury. Community was invited to submit representations on what is contained in the budget.

Publication of the approved annual budget

- Once Annual budget approved by Council, it will be submitted in both hard and electronic copies within 10 working days to both National and Provincial treasury. They will also be placed on the municipal website. A newspaper notice will also be placed on the newspaper to notify the communities about the approved budget with budget related policies and the IDP.

2.16 Municipal manager's quality certificate



THULAMELA MUNICIPALITY

QUALITY CERTIFICATE

I, **MALULEKE H.E**, the Municipal Manager of *Thulamela Municipality*, hereby certify that the Annual budget and supporting documentation for 2018/2019 have been prepared in accordance with the Municipal Finance Management Act (Act No 56 of 2003) and the regulations made under the Act, and that the budget and supporting documents are consistent with the Integrated Development Plan of the municipality.


H.E Maluleke
Municipal Manager:
Thulamela Municipality
LIM 343

30/05/2018
Date